GREEN
CLIMATE
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Report of the thirty-fifth meeting of the Board, 13 – 16 March 2023

GCF/B.35/20

5 June 2023

Meeting of the Board
13 – 16 March 2023
Songdo, Incheon, Republic of Korea
Agenda item 23

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Agenda item 1: Opening of the meeting

1. The Co-Chairs declared the thirty-fifth meeting of the Board (B.35) open on Monday, 13 March 2023 at 9:15 a.m. Korea Standard Time (KST).

2. They thanked the Republic of Korea as the host government of the Green Climate Fund for the usual support it extended to GCF to enable it to achieve its mission.

3. Noting that in-person activities in a pandemic would continue to carry an inherent risk of coronavirus disease 2019 (COVID-19) infection, the Co-Chairs reminded everyone of their shared responsibility for ensuring the safety of GCF meetings. As such it was important for all participants to adhere to the advice and preventive measures communicated by the Secretariat.

4. The Co-Chairs also reminded all participants of the need to observe and adhere to the code of conduct expected during the meeting, as per the GCF policies on ethics and conflicts of interest.

5. The Co-Chairs welcomed the following members who were new to the Board:

(a) Edward Webber replacing Victoria Situ as alternate member;

(b) Diann Black-Layne replacing Nadia Spencer-Henry as Board member;

(c) Nino Tandilashvili replacing Ornela Çuçi as Board member;

(d) Tessa Vaetoru replacing Kushaal Raj as alternate member;

(e) Jaime de Bourbon de Parme replacing Tobias von Platen-Hallermund as Board member;

(f) Charlotte Just replacing Jaime de Bourbon de Parme as alternate member;

(g) Hillary Clifford replacing Kevin Adams as alternate member;

(h) Ali Carlin replacing Fiona Ralph as alternate member;

(i) Malin Meyer replacing Benedikt Höskuldsson as alternate member;

(j) Mark Dennis Y.C. Joven replacing Paola Sherina A. Alvarez as alternate member;

(k) Manfred Konukiewitz replacing Simon Stumpf as alternate member;

(l) Leif Holmberg replacing Dag Sjöögren as Board member;

(m) Dag Sjöögren replacing Lars Ronnås as alternate member;

(n) Saito Saiko replacing Ikuko Shirota as alternate member; and

(o) Yingzhi Liu replacing Ren Yan as Board member.

6. The Co-Chairs were especially pleased to welcome members and alternate members of the Board from the Group of Latin America and the Caribbean countries for the fourth term of membership to the GCF Board. These were:

(a) Corina Lehmann, Board member;

(b) Walter Schuldt, alternate member;

(c) Orlando Garner, Board member;

(d) Jaime Tramon, alternate member;

(e) Irma Martínez Castrillón, Board member; and

(f) Milagros de Camps, alternate member.

7. Appreciation was also extended to the outgoing Board members for their invaluable contributions to the work of GCF.

8. The Co-Chairs wished to acknowledge members of the Board who were unable to attend the Board meeting. These were:

(a) Albara Tawfiq, Board member;

(b) Orlando Garner, Board member;

(c) Irma Martínez Castrillón, Board member;

(d) Karma Tshering, Board member; and

(e) Walter Schuldt, alternate member.

9. They also welcomed the active observers present in the Boardroom, and all representatives of observer organizations, accredited entities, national designated authorities and other stakeholders who were observing this meeting via webcast. The Co-Chairs appreciated their continued dedication towards achieving the crucial mandate of GCF.

10. Finally, on behalf of the Board, they expressed appreciation to the Secretariat for being the engine that was driving GCF and its work forward and for convening the Board meeting to enable the Board to execute its oversight and decision-making role.

Agenda item 2: Adoption of agenda and organization of work

11. The Co-Chairs opened the agenda item and drew the attention of the Board to document GCF/B.35/01/Drf.02 circulated to the Board on 20 February 2023.

12. They recalled that the first draft of the B.35 provisional agenda (GCF/B.35/01/Drf.01) had been transmitted to the Board on 26 January 2023.

13. In accordance with paragraph 20 of the Rules of Procedure of the Board, they invited the Board to adopt the agenda as presented in document GCF/B.35/01/Drf.02.

14. A Board member requested the floor and noted that consideration of the terms of reference (TORs) for a GCF presence in the regions in which GCF operated had not been included on the agenda. The need for regional presence had been raised by their constituency on several previous occasions; despite the fact that GCF was almost 10 years old, this had not been realized. The Latin American and Caribbean (LAC) region was at a major disadvantage since its time zone was directly opposite that of the GCF headquarters. This created major problems as there were no overlapping hours between the two time zones. The governments in the region had strong labour laws and rules on working hours. There were hardly any direct access entities or projects in the region and this was a direct result of this time zone issue.

15. The well-being of Secretariat staff assigned to the region was also of concern. Staff would not want to be assigned to work which involved being awake all night. The region was no longer prepared to continue working in this way but would not stand in the way of consensus on the agenda. It was essential to move forward with the TOR in order to proceed with a feasibility study which would look at such matters as costs and locations. The Board member requested that the Co-Chairs bring this matter to the next Board meeting. It was unnecessary to turn this into a political issue within the Board and to hold it hostage.

16. The Co-Chairs thanked the Board member for their flexibility regarding the provisional agenda and confirmed that their points had been noted.

17. Several further Board members expressed support for the Board member from Antigua and Barbuda in emphasizing that the feasibility study should be launched as soon as possible. One of these Board members asked if the decision on the TOR to launch the feasibility study could be taken between Board meetings, a suggestion which was supported by a second Board member who also expressed support for the agenda. Another Board member, who supported a regional presence, said they would welcome the Co-Chairs thoughts on progressing this matter via a decision taken between Board meetings. They also welcomed new Board members.

18. Several Board members expressed satisfaction that representatives of the Group of Latin America and the Caribbean (GRULAC) countries were once more present in the Board.

19. One of these, the Board member from Argentina, said that now that GRULAC members were present, they wished to fully agree with the remarks by the Board member from Antigua and Barbuda regarding regional presence. This was also fully supported by the LAC region. They noted that participation of all members was crucial to GCF's success, guide the decision-making process and shape the direction of projects. They were pleased that GRULAC had reached an agreement that allowed members to once more engage in the GCF process to support developing countries in their mitigation and adaptation actions, given their vulnerabilities. GCF had come a long way since its inception and they were proud of the progress so far, while recognizing there was always room for improvement. They also wished to underline that it was an honour for them to share their chair with Ecuador, Brazil and Uruguay. Finally, they expressed appreciation and support for the work of the Co-Chairs and Secretariat.

20. Another Board member who was pleased to see GRULAC representatives once more in the Board also expressed support for a GCF regional presence. Furthermore, they thanked the Republic of Korea for hosting the Board meeting and for the organization by the Secretariat. They congratulated the new Co-Chairs.

21. Another GRULAC member said they were happy to be back on the Board and noted that, as it had been quite some time, they would need to get back up to speed. Echoing others, they supported a GCF regional presence which should be addressed as quickly as possible.

22. While supporting the agenda, another Board member noted that the accreditation strategy had not been included. They recalled that the Board had decided at the previous meeting to follow up on this strategy, particularly in relation to prioritization of accreditations. They requested that this be taken up by the Co-Chairs and brought forward as soon as possible. Perhaps one way would be to mandate the Accreditation Committee to work on this?

23. The Co-Chairs thanked the Board member for their flexibility and confirmed that the point raised would be taken up separately.

24. They stated that the points made regarding regional presence had been well noted as well as the request for a decision to be taken between Board meetings. The Co-Chairs would consult on this and to determine if this would be addressed at the next meeting or through a decision taken between Board meetings. They asked for the Board's indulgence in adopting the agenda as presented.

25. Hearing no objections, it was so adopted.

26. The Board adopted the agenda as set forth below:

1. Opening of the meeting
2. Adoption of the agenda and organization of work
3. Report of the thirty-fourth meeting of the Board

4. Decisions proposed between the thirty-fourth and thirty-fifth meetings of the Board
5. Report on the activities of the Secretariat
   (a) Risk management framework
6. Report on the activities of the Co-Chairs
7. Reports from Board committees, panels and groups
8. Report on the activities of the independent units
9. Second replenishment of the GCF: update from the replenishment Facilitator
10. Status of GCF resources, pipeline and portfolio performance
11. Consideration of funding proposals
12. Consideration of accreditation proposals
13. Final report of the Independent Evaluation Unit's Second Performance Review of the GCF
14. Guidance from the twenty-seventh session of the Conference of the Parties to the United Nations Framework Convention on Climate Change
15. Matters related to the Policy for Contributions to the Green Climate Fund
16. Updated Strategic Plan for the GCF 2024–2027
17. Matters related to independent units
18. Consideration of Independent Redress Mechanism compliance report C-0006
19. Evaluations conducted by the Independent Evaluation Unit
   (a) Relevance and effectiveness of the GCF's investments in African States
   (b) Synthesis Report on the Direct Access Entity modality
20. Appointment of Board-appointed officials
   (a) Selection of the Executive Director of the GCF
   (b) Selection of the Head of the Independent Redress Mechanism
   (c) Selection of the Head of the Independent Integrity Unit
21. Dates and venues of upcoming Board meetings
22. Other matters
23. Report of the meeting
24. Close of the meeting

Agenda item 3: Report of the thirty-fourth meeting of the Board

27. The Co-Chairs opened the agenda item and drew the attention of the Board to document GCF/B.34/29/Drf.01 titled "Report of the thirty-fourth meeting of the Board, 17 – 20 October 2022", transmitted to the Board on 21 December 2022 for a two-week review period. The

limited distribution addendum report on the B.34 closed sessions had also been transmitted to the Board the same day for a two-week review period.

28. No comments had been received during the review period and, on 11 January 2023, the report had been sent to the Board as document GCF/B.34/29 and the limited distribution report as document GCF/B.34/29/Add.01, with a view to these being adopted by the Board at B.35.

29. The Co-Chairs invited the Board to adopt the report of the thirty-fourth meeting of the Board as contained in document GCF/B.34/29 and its limited distribution addendum.

30. There being no comments or objections, the Co-Chairs took it that the Board wished to adopt the report.

31. The Board adopted the report of the thirty-fourth meeting of the Board.

Agenda item 4: Decisions proposed between the thirty-fourth and thirty-fifth meetings of the Board

32. The Co-Chairs opened the agenda item and drew the attention of the Board to document GCF/B.35/Inf.01/Rev.01 titled "Board decisions proposed between the thirty-fourth and thirty-fifth meetings of the Board" and its limited distribution addendum.

33. They noted that the decision to accredit additional observer organizations, which had been adopted after publication of the initial document, was reflected in this revised version of the document.

34. They invited the Board to take note of document GCF/B.35/Inf.01/Rev.01.

35. Seeing no requests for the floor, the Co-Chairs took it that the Board wished to take note of the document.

36. The Board took note of document GCF/B.35/Inf.01/Rev.01 and its limited distribution addendum Add.01 titled "Board decisions proposed between the thirty-fourth and thirty-fifth meetings of the Board".

Agenda item 5: Report on the activities of the Secretariat

37. The Co-Chairs opened the agenda item and drew the attention of the Board to the following documents:

(a) GCF/B.35/Inf.15 titled "Report on the activities of the Secretariat";

(b) GCF/B.35/Inf.15/Add.01/Rev.01 titled "Report on the execution of the 2022 administrative budget of GCF";

(c) GCF/B.35/Inf.15/Add.02 titled "Annual progress report on the implementation of the Strategic Plan for the GCF 2020–2023";

(d) GCF/B.35/Inf.15/Add.03 titled "Status of accreditation master agreements and funded activity agreements" transmitted on a limited distribution basis;

(e) GCF/B.35/Inf.15/Add.04 titled "Status of accreditation master agreements: accreditation master agreement with substantive deviations" transmitted on a limited distribution basis;

(f) GCF/B.35/Inf.15/Add.05 titled "Report on the activities of the Secretariat - Addendum V"; and

(g) GCF/B.35/Inf.15/Add.06 titled "Information report on the salary structure".

38. They invited the Executive Director, Yannick Glemarec, to provide an introduction.

39. The Executive Director provided an overview of the performance of the Secretariat in 2022, indicating that it was similar to 2021 in that the Secretariat had met or exceeded most of its key performance indicator (KPI) targets. The KPIs that lagged behind in 2022 were also similar to those in 2021. These KPIs related to country programmes and entity work programmes (EWPs); the simplified approval process (SAP); policies; and privileges and immunities (P&Is).

40. With regard to country programmes and EWPs, a major difficulty in achieving this target had to do with partners continuously questioning the usefulness of these programmes. The Secretariat was proposing to integrate the five objectives of the Readiness and Preparatory Support Programme (Readiness Programme) into an investment planning framework that was expected to address these difficulties by clarifying the role of country programmes and need for EWPs. As for the SAP, it was expected that the approval of the updated SAP policy in 2022 would address the challenges of achieving this target. Objective 3 of the current draft of the updated Strategic Plan for the GCF 2024–2027 (USP-2) proposed to decentralize the grant-making process at the country level and, should the Board approve this, SAP was expected to be critical in making the process of providing resources directly to communities more responsive, simpler and faster.

41. As for policies, the Executive Director noted that this KPI should not be considered 'red' or unmet but be in a different colour as there had been a conscious decision made in 2022 to focus on critical policy decisions rather than on all the policies in the Board workplan. The Executive Director highlighted that the Secretariat had focused on 11 critical policy issues, which had led to 11 policy decisions. With this approach in mind, the design of the KPI on policies should be reconsidered. Lastly, on P&Is, the Executive Director underscored that GCF had assets in excess of USD 2.5 billion plus co-financing in countries without P&Is. An addendum to the report on the activities of the Secretariat detailed the risks posed by the absence of P&Is and the root causes of the difficulties in securing them. As outgoing Executive Director, Mr. Glemarec strongly recommended that the incoming Executive Director continue focusing on this matter as this issue would worsen as assets increased.

42. Meanwhile, the KPI on staffing fared better in 2022 than in 2021. This was due to improved recruitment processes and an average turnover rate of 12 to 14 per cent, which fell under the expected range of 10 to 20 per cent. The Executive Director emphasized that the challenge for this particular KPI had less to do with turnover rate and more with not being able to recruit fast enough. To date, the Secretariat had 252 staff, with 14 more under contract. The expectation was to reach 315 staff by the end of 2023, with low turnover throughout the year.

43. The Executive Director said that the 2022 results were particularly noteworthy as these had been achieved in a year with four Board meetings instead of three and while strong foundations were being laid for the second replenishment period of GCF (GCF-2). Through various events and engagements, the Secretariat had reached out to and consulted thousands of stakeholders whose inputs fed into the zero draft of USP-2. Moreover, the Secretariat had started its first round of outreach to prospective contributor countries in the first months of 2023. The Executive Director had completed the first round of visits to various capitals for replenishment consultations and recommended that the second tour be arranged for the incoming Executive Director at the earliest opportunity.

44. On the GCF financial plan, the Executive Director recalled that the commitment authority in 2022 had decreased due to currency fluctuations. However, there had since been a revaluation of most currencies against the United States dollar and, notably, some financial

contributors had also agreed to advance contributions that had previously been due at the end of 2023. This resulted in a 2023 commitment authority of USD 2.76 billion, with USD 2.2 billion available for funding proposals. This would allow for a work programme of USD 600 million at B.35, USD 800 million at B.36 and USD 800 million at B.37.

45. Regarding the implementation of the GCF portfolio, the current Strategic Plan had set a target of 90 per cent of the portfolio under implementation by the end of 2023. Progress was currently at 87.5 per cent. The Executive Director recalled that the time between Board approval and funded activity agreement (FAA) effectiveness used to be 600 to 700 days. However, more recently, a project in Barbados had managed to complete this process in 33 days.

46. On disbursement, the Executive Director explained that, unlike other funds, the GCF operating model did not allow it to immediately transfer 100 per cent of approved funding to accredited entities. As many GCF projects had a long implementation period and because GCF often acted as an anchor investor, funding was disbursed in tranches. This was also clearly explained in the FAA. The Executive Director emphasized that it did not make a difference to beneficiaries whether funds were disbursed upfront or in tranches; what made a difference was expenditure. The Secretariat was therefore developing a system to more closely monitor what had been expended. It was expected that the incoming Executive Director would be able to report on expenditure and the lasting effects of the COVID-19 pandemic on expenditure starting next year.

47. Lastly, on the risk management system of GCF, the Executive Director underscored that GCF had USD 42 billion of assets under management to date and this would only keep growing. Rapidly expanding assets entailed rapidly expanding risks to manage. It was critical for the risk management system to keep pace with the ambition of GCF. As detailed in annex V to document GCF/B.35/Inf.15, the Secretariat was implementing the Committee of Sponsoring Organizations of the Treadway Commission framework as the internal control framework of GCF alongside three lines of defence. The Board supervised these lines of defence and was the sole authority in changing the risk appetite of GCF. The Secretariat looked forward to the reconstitution of the Risk Management Committee (RMC) and having discussions with it on how to improve risk management further. To conclude, the Executive Director said that the incoming Executive Director could consider including a report on risk-related matters as an annex to the first report on the activities of the Secretariat of every year.

48. The Co-Chairs thanked the Executive Director for the presentation, particularly for highlighting several key issues such as the commitment authority and the projected work programme for funding proposals in 2023. They opened the floor for comments or questions.

49. Several Board members conveyed their gratitude to the outgoing Executive Director for his service and contribution to GCF, which had matured under his leadership despite particularly challenging times. A Board member also thanked the outgoing Executive Director for his willingness to help in onboarding the incoming Executive Director even though his own start as Executive Director was challenging. Many Board members congratulated and looked forward to working closely with the Executive Director ad interim, incoming Executive Director and new heads of independent units.

50. Warm appreciation was also given to the Secretariat for its hard work, as demonstrated by its achievements and performance against its 2022 KPIs. One Board member acknowledged that these achievements had likely been delivered in the context of inadequate work-life balance, and hoped recruitment would progress quickly to address this. A second Board member encouraged the Secretariat to continue its intensive support to the replenishment, as collective work and contribution was critical to a successful replenishment.

51. Many Board members warmly welcomed the new Board members, especially those from the Group of Latin America and the Caribbean (GRULAC) countries. They were pleased that the Board was complete and looked forward to working together and being able to reconstitute the RMC. A Board member said it was particularly important that the Board was complete this year, given the work on USP-2 and the replenishment.

52. While several Board members were pleased that almost 80 per cent of the targets had been met or exceeded, some expressed concern about the poor performance with regard to SAP service standards. Highlighting the critical role of SAP in building an impactful GCF portfolio, a number of Board members said every effort should be made to reach these targets and they would be monitoring progress on this closely. As for the expectation that the updated SAP policy would contribute to progress, a Board member asked the Secretariat how confident it was that performance in SAP service standards would indeed improve in 2023.

53. With regard to the replenishment process, a Board member stressed that it was important that their region, Latin America and the Caribbean, participated in this process. They therefore wished to receive updates from the Secretariat on the preparations for the 2023 Pledging Conference. A second Board member welcomed the structured engagements with potential contributors to GCF-2, but said that more should be done to reach out to new contributors from emerging economies.

54. On disbursement, some Board members acknowledged the Executive Director's explanation that disbursement was not a cause for concern. Nonetheless, one wished to receive further information on both implementation and disbursement.

55. A Board member noted that, though delegation of authority was a controversial subject for the Board, its positive impact could be seen in the higher number of approved and signed accreditation master agreements (AMAs). On the other hand, a second Board member drew attention to the fact that the AMAs of some large accredited entities (AEs) had been pending for over a year. The Board member wished to know where negotiations stood on these AMAs.

56. A further Board member also acknowledged the publication of the sector guides, which would provide good guidance to GCF stakeholders. As for the progress made in key policies, this underscored the need to continue prioritizing policies for discussion. The policy achievements of 2022 demonstrated that the process used in consultations and discussions was key to good results.

57. Moving on to staffing matters, the Board member said it was encouraging that senior positions had been filled. Noting that the budget utilization rate was low at 81 per cent, the Board member acknowledged the relationship of this rate to the lack of staff. The Board member asked what reasons were provided in exit interviews for leaving GCF. Noting the positive trend in both recruitment and retention targets, a second Board member asked whether the six-month recruitment period was normal or too long, and what had changed to improve recruitment. A third Board member welcomed the steps taken to improve gender parity in the Secretariat and encouraged it to continue its efforts.

58. A Board member who served on the board of an AE and had consulted with various direct access entities (DAEs) from their region highlighted that the lagging targets on country programming and EWPs could be due to the fact that entities did not feel that these programmes served their purpose. While DAEs expended a lot of resources to prepare good concept notes and projects, it was not clear why many of these proposals were not reaching the GCF Board for consideration. Many of these DAEs had programmed successfully with other funds, but it was not clear why they could not achieve the same success with GCF. Many had been told that it was because they lacked capacity; however, the Board member believed it was

beyond just a capacity issue. GCF owed DAEs more explanation than what was currently being provided. A second Board member supported this comment.

59. With respect to P&Is, a Board member said the lack of P&Is was very concerning especially given its impact to projects. Stressing that there were USD 2.5 billion in assets in countries with no P&Is, another Board member encouraged countries with GCF projects to sign bilateral agreements for P&Is at the earliest opportunity.

60. Both Board members welcomed the work and report on the risk management framework. One wished to know how the recommendations in the Second Performance Review of the GCF had been or would be included. The Board member called upon the Board to make the RMC operational soon. Recalling that the absence of the RMC had delayed the approval of the hedging policy, the Board member wished to know whether there were any updates in that regard.

61. A final Board member was pleased with the achievements, particularly in programming and implementation. It was vital that this progress continued as more projects meant bigger impact. The Board member looked forward to more progress as GCF matured and policy gaps were closed.

62. The Co-Chairs invited the Executive Director to respond.

Secretariat responses

63. Regarding the replenishment, the Executive Director said that work was on track per the 18-month timetable approved by the Board in 2022. More specific details and updates would be provided by the replenishment facilitator under the agenda item on replenishment (agenda item 9 of this report). The Executive Director added that the first draft of USP-2 would be discussed that week. Unless there were unforeseen factors, the second draft was expected to be available soon after the current Board meeting, which was aligned with the expected approval of USP-2 at B.36 in July 2023.

64. As for outreach to new contributors, the Executive Director explained that the first rounds of outreach would normally be for existing contributors, while the succeeding rounds would be for potential new contributors. The Executive Director had undertaken the first round of engagements early in 2023 and expected to sign letters to new contributors soon. The second round of outreach should be conducted in the summer under the leadership of the incoming Executive Director. In addition to these efforts, the Secretariat also hoped to secure supportive statements from the 49th G7 summit in Hiroshima in May 2023. Several heads of state had already agreed to make short videos of support for GCF. The Secretariat also intended to organize a supporting event in June to showcase the work of GCF at the United Nations General Assembly. To conclude, in addition to structured outreach engagements, the Secretariat was also striving to capitalize on key international events and relations with champions and heads of state. As for the request to better involve the Latin American and Caribbean region in the replenishment, the Executive Director invited the Board members from the region to discuss bilaterally. The Executive Director was particularly interested in learning how to improve political outreach in the region.

65. On disbursement, the Executive Director emphasized that they should be more concerned about expenditure than disbursement, which was on track. Expenditure was when funding was transferred from AEs to the ultimate beneficiaries of the projects, which meant expenditure was what made a difference on the ground. Given that about 80 per cent of GCF projects had required some measure of adaptive management during the COVID-19 pandemic, it was crucial to be able to monitor expenditure. As the initial intention for GCF was for it to have

only light second-level due diligence responsibilities in implementation, it did not have a system to track expenditure. The Secretariat was currently working on a system to accomplish this.

66. As for recruitment, the Executive Director clarified that recruitment no longer took six months and that the challenge had less to do with turnover and more with achieving the ideal fill ratio of 90 per cent. The expected turnover rate for an organization like GCF was 10 to 15 per cent. GCF should be able to recruit to 90 per cent fill ratio at a pace that would match the turnover rate; otherwise, the structural issues on work-life balance would not be resolved. The Executive Director said that the Secretariat might reach this 90 per cent fill rate for the first time this year. The Executive Director added that recruitment now took less time as GCF was receiving applications from more high-quality candidates. This was likely because more were familiar with the value proposition of GCF and its role in the landscape.

67. With regard to reasons provided at exit interviews for leaving GCF, the Executive Director said there were three common reasons. The first was being offered a promotion. The second reason was skill mismatch. As GCF had evolved dramatically in the past years, the staff could have been the perfect match for a previous version of GCF but not the current one. In that case, it would be better for them to seek opportunities elsewhere. The third had to do with personal reasons like family, education, incompatibility with the cultural environment or being embroiled in staff dispute. GCF had worked to address the third reason over the past two years such as by providing education facilities, employment opportunities for family members, and significantly more days of telecommuting. It had also addressed ethics issues rigorously. The Executive Director said that, as a result, a major issue highlighted in the 2019 staff survey was no longer an issue in 2022.

68. As for SAP, the Executive Director agreed that it needed drastic improvement. While the Executive Director would have preferred a more dramatic simplification, he assured the Board that what had already been done in terms of simplification should make a difference especially for service standards. The Executive Director said SAP would be particularly valuable in supporting objective 3 of the draft USP-2.

69. On country programming, the Executive Director clarified that the issue had less to do with capacity and more with not having enough resources to fund all the projects contained in the country programmes submitted by partners. It was common for these country programmes to contain not only projects for GCF but the entire investment plan of the country towards its nationally determined contributions. As GCF worked with over 100 countries, it was simply not possible to fund all the projects. This would be a valuable conversation to have in the discussions on the revised Readiness Programme strategy.

70. Regarding AMAs, the Executive Director recalled that in June 2022, there had been a risk that there would be no AMA approval in 2022 as only the RMC could sign AMAs at the time. With the delegation of authority from the Board to the Executive Director to sign AMAs with no substantial deviations, 16 AMAs had since been signed. As for the delayed AMAs, the Executive Director clarified that this was related to large AEs asking for carveouts, which the Executive Director did not have the authority to act upon. Such decisions would be up to the Board. This matter would be brought to the Board for consideration at B.36, with the Secretariat's analysis of the implications of these carveouts as well as policy coherence and consistency.

71. On gender parity, the Executive Director was pleased to inform the Board that, with the decision to appoint the second female Executive Director of GCF, the Senior Management Team would be over 70 per cent female. The overall distribution within the Secretariat was 48 per cent female.

72. The Chief Financial Officer/Chief Operating Officer (CFO/COO), Ms. Hong Paterson, was invited to respond to the question on the hedging policy.

73. Ms. Paterson thanked the Board for its support on the hedging policy and said that the contract of renewal of the Trustee had already been signed. The Secretariat was having bilateral meetings with the Trustee to continue implementing the new hedging policy and the governance around that. They were on target for implementation in the summer of 2023.

74. The Co-Chairs opened the floor once more for comments and questions.

Comments

75. Many Board members underscored the importance of resolving issues and meeting targets related to SAP, country programmes, EWPs, the Readiness Programme, and the balance between mitigation and adaptation programming. A Board member said it was concerning that the same KPI targets lagged behind year after year. This raised doubts about whether the adaptive management actions that had been taken were effective.

76. Another Board member noted that Readiness Programme and country programming issues pointed to the need to continue making progress on access. They therefore welcomed that access was a core part of USP-2 and encouraged colleagues to continue thinking about how to make further progress on access. On AMAs, the Board member appreciated the updates but wished to hear more about the progress of AMAs with substantial deviations.

77. With regard to portfolio balance, a further Board member highlighted that, as many projects were cross-cutting, few were purely for adaptation. A second Board member said that they expected the private sector to invest in adaptation as a priority for developing countries, and for private sector participation to be complementary to public sector efforts.

78. A number of Board members were pleased to note the progress in recruitment. One said more work was needed for better retention and continuity of organizational knowledge and improved efficiency. Another Board member added that GCF had a historical mission and should play a more active role in helping all developing countries address climate change effectively and efficiently. Human resources were key to this mission. It was therefore important that more progress be made in this regard, while considering balance in diversity and gender, to enhance GCF operations further.

79. On the matter of disbursement, a Board member said that some projects in their region were experiencing delays in implementation due to delays in disbursement, which appeared to be linked to delays in the work of Secretariat on annual performance report (APR) reviews and clearance. While time to disbursement had decreased, it could still take 10 months or more, impacting the implementation progress of some projects. The Board member wished to hear from the Secretariat on this matter and urged it to continue improving the process in order to enhance implementation progress of all projects.

80. A second Board member aligned with the previous comment and pointed out that, based on data provided in the Secretariat's presentation, time between project approval and disbursement seemed to be growing. The Board member requested the Secretariat to make a comprehensive and thorough analysis of delays in disbursement and its impacts. Lastly, the Board member asked whether there was a connection between disbursement and expenditure.

81. A third Board member welcomed the progress made in 2022, stressing that it was important to acknowledge and communicate this progress especially in the context of the upcoming replenishment. The Board member was pleased to see progress in developing and implementing an increasingly transformative portfolio across sectors. In this regard, it was also important to publish the sector guidelines as they would help in clarifying and identifying transformative projects across sectors. As for the lack of progress in some areas, the Board member said they were fully committed to supporting GCF in its efforts to move forward in

these areas. It was particularly important to address the lack of progress in the origination of country-driven, paradigm-shifting investments, which had a strong link to the implementation of the direct access action plan. As it was important to know what was happening on the ground, the Board member thanked the Board member who had earlier shared their experiences and the perspectives and needs of DAEs in their region. The Board member also looked forward to discussing the Independent Evaluation Unit evaluation on DAEs as well as the draft Readiness Programme strategy, which would be a key response to the slow progress in this area.

82. Another Board member wished for an analysis of the impacts of the revised Readiness Programme strategy and for this analysis to be included in the next report on the activities of the Secretariat. A further Board member said that it was concerning that only 7 of the 15 policies in the 2022 workplan had been achieved. Some of these policies were due to be presented at the current meeting, particularly the revised Readiness Programme strategy in accordance with decision B.33/04. The Board member wished to know the causes of the delay.

83. Regarding the risk management framework review, a number of Board members thanked the Secretariat for its work and underscored the importance of rigorous risk management, especially as the GCF portfolio continued to grow. One Board member emphasized that implementing the next steps recommended in the Second Performance Review of the GCF was crucial for private sector investment and in keeping GCF relevant. It was also essential that the Board did its part by reconstituting the RMC. A second Board member stressed the importance of clear communication flows between the three lines of defence set out in the framework. A third Board member believed the risk management framework should also address the risk of non-contribution by developed countries, including the significant risks of fluctuating commitment authority, non-converted pledges and non-payment of signed contributions.

84. On P&Is, a Board member acknowledged the challenges of resolving issues around P&Is and wished to hear the outgoing Executive Director's insights on the way forward. The Board member said that a frank discussion would be helpful as this was already a longstanding concern. The Board member also wished to hear the insights of the Executive Director on the resource and staff headcount implications of the various efforts of GCF to enhance access such as the Readiness Programme, direct access and so forth. The Board member asked whether GCF was close to adequate staffing. Similarly, noting that the overhead budget of GCF was high, the Board member was keen to hear the outgoing Executive Director's final thoughts about other budgetary matters, including hedging. Lastly, the Board member took the opportunity to thank the CFO/COO, Ms. Paterson, for her excellent work and collaboration on budget matters.

85. Further on P&Is, another Board member said they did not agree with the prioritization of bilateral agreements and that these should not be a precondition for accessing GCF funding. Paragraph 8 of the Governing Instrument for the GCF[1] was clear about this. The Board member added that the Board had failed to take action to ensure that GCF enjoyed the P&Is necessary for the fulfilment of its purpose, including the matter of staff P&Is.

86. Regarding new contributors to the replenishment, a number of Board members highlighted that the Paris Agreement, the Convention, guidance from the Conference of the Parties (COP) to the United Nations Framework Convention on Climate Change (UNFCCC) and the Governing Instrument for were clear about the responsibility of developed countries to provide resources to support developing countries in responding to climate change. One Board member cautioned that this guidance should not be undermined. A second Board member

[1] Paragraph 8 of the Governing Instrument states that "The Fund will enjoy such privileges and immunities as are necessary for the fulfilment of its purposes. The officials of the Fund will similarly enjoy such privileges and immunities as are necessary for the independent exercise of their official functions in connection with the Fund."

added that the Secretariat had sent letters to developing countries to encourage them to support and contribute to GCF, even though developing countries themselves needed this support and contribution.

87. A final Board member reminded the Board that the understanding upon which GCF had been created and developing countries had agreed to participate in the global effort to respond to climate change – despite being the most vulnerable to the impacts of actions they did not commit in the past – was that financial resources shall be provided by developed countries. It was therefore important that related discussions be framed accurately and accordingly moving forward. The Board member recalled that Article 9 of the Paris Agreement stipulated that "developed country Parties shall provide financial resources to assist developing country Parties with respect to both mitigation and adaptation" and that "other Parties are encouraged to provide or continue to provide such support voluntarily". Equally important in framing this discussion were paragraphs 29 and 30 of the Governing Instrument, which stated that GCF "will receive financial inputs from developed country Parties to the Convention" and "may also receive financial inputs from a variety of other sources, public and private, including alternative sources". Though it was reasonable to welcome financing from as many sources as possible, it was important to be mindful of the framing and the understanding of what was default and what was supplementary. They should all be faithful to the expectation that, when a replenishment took place, developed countries would take the lead. Finally, the Board member stressed that GCF was an operating entity of the financial mechanism of the UNFCCC and was therefore guided by the COP. Guidance from the twenty-seventh session of the COP urged developed country Parties to provide resources for the second replenishment of GCF while demonstrating progression over previous replenishments and in line with the programming capacity of GCF. The Board member clarified that they were not opposed to additional and creative sources, but wished to highlight the importance of framing and remembering that it was the responsibility and expectation for developed countries to continue to provide resources, supplemented by other sources.

88. The Co-Chairs thanked the Board members for their comments and invited an active observer for civil society organizations (CSOs) to take the floor.

89. The CSOs welcomed the new Co-Chairs and congratulated them on their appointment. They also welcomed the new Board members, especially those from GRULAC. Finally, they thanked the outgoing Executive Director for his work and engagement over the last several years. They had always appreciated that the Executive Director would take the time to meet with them, including in challenging times, and endeavoured to increase transparency and accountability. They looked forward to this continuing under new GCF leadership.

90. The CSOs appreciated the Secretariat's thorough reporting on their activities and found such content helpful in identifying processes and materials of which observers should be aware in order to better engage and support the work of GCF. The insights into the Secretariat's challenges and opportunities also enabled them to better advocate for the effectiveness of GCF, which was undeniably underpinned by the labour of the Secretariat. The CSOs thus applauded its progress in increasing staffing capacity in 2022 and hoped that such progress continued at an accelerated pace, as critical functions related to oversight of the implementation of the portfolio and accountability to the communities GCF should be serving were primarily reliant on staff capacity for review, due diligence, and information disclosure.

91. They also appreciated the effectiveness gains in accepting sworn English translation of subsidiary agreements and hoped the Secretariat would continue to explore the many ways in which language access would strengthen GCF. Further, the CSOs valued their interactions with the Secretariat and the outgoing Executive Director. They appreciated having these open avenues for engagement and that the interactions thus far had been positive and productive.

92. Lastly, the CSOs shared the ongoing concern about the continued difficulty of GCF in securing P&Is given that it could compromise some of its activities. On a related point, they shared the Secretariat's concern about the GCF's lack of international legal personality, especially as it could put GCF at a disadvantage when it came to participating in discussions about the future of the climate finance architecture due to its lack of clear legal standing as an international organization, which could have repercussions for the much-needed ambition of its second replenishment drive.

93. The Co-Chairs thanked the active observer for their contributions and invited the Executive Director to respond.

Secretariat responses

94. With regard to the delays in APR review and disbursement, the Executive Director clarified that this was purely a capacity development issue. In 2019, the Office of Portfolio Management had been composed of only 12 staff while tasked not only with monitoring but also adaptive management, evaluation and knowledge management. The Executive Director recalled that when the Secretariat had submitted its capability review for implementing the updated Strategic Plan for the GCF 2020–2023, it had stressed that it lacked even the basic capacity for implementation. Because of the approval of increase in staff capacity from 250 to 350, the capacity of what was now the Division of Portfolio Management (DPM) had increased from 12 to 37. By the end of the year, this number was expected to increase to 48. The bulk of approved positions by the Board had gone to DPM and to administrative staff working on financial transactions for disbursement. These had been the greatest capacity gaps at the time. In addition, DPM had had to oversee the adaptative management of 80 per cent of the portfolio during the COVID-19 pandemic as well as review the APRs. The division had also built a portfolio management system from scratch based on a learning feedback mechanism. The Executive Director acknowledged that to manage all these, the APRs had been the trade-off for the lack in capacity. Given the increase in staff capacity, this should no longer be the case by the end of 2023. The Executive Director had seen an improvement based on the latest performance metrics. In the meantime, the Executive Director asked for the indulgence and patience of partners until the Secretariat was fully staffed.

95. As for the revised Readiness Programme strategy, the Executive Director explained that there had been a need to rethink the Readiness Programme and how its five objectives were integrated and connected. Prior to revising the strategy, it had seemed more like a list than building blocks towards specific objectives. The revised strategy was ready and available; however, the Secretariat believed B.35 was a good opportunity to receive early feedback from the Board on the document and the new investment planning framework. The document was substantive and posed fundamental questions about the purpose, efficiency and effectiveness of the programme. Receiving feedback from the Board immediately would allow the Secretariat to consider how to develop the document further into something most could be comfortable with by B.36.

96. As for communicating GCF's achievements, the Executive Director stressed that this was critical especially since GCF had evolved considerably in recent years and the perspectives and narratives about it might not be accurate or up to date. The Executive Director highlighted that not having regional presences and liaison offices was particularly detrimental in this regard as it was very challenging to maintain close policy dialogue with countries. The Executive Director felt it was the duty of any fund supported by taxpayers to report to parliaments and stakeholders. Doing so would also clarify and update narratives about GCF.

97. The Executive Director thanked the CSOs for their kind words, noting that time spent with them was always time well spent. Without the work of CSOs, the discrepancies in narratives about GCF would have been unmanageable. The CSOs had relentlessly communicated with stakeholders about GCF progress and achievements, and this was one reason GCF should continue its efforts to be as transparent as possible. The Executive Director thanked the CSOs once again for having been ambassadors of GCF for many years, including being vital to meeting key influencers and political decision-makers.

98. On P&Is, the Executive Director noted that this issue had come up in 2017 and would likely get progressively worse. Board instruction in this regard was two-pronged: negotiate bilateral agreements and, at the same time, endeavour to secure a blanket agreement by reaching out to the United Nations. There was considerable difficulty in securing bilateral agreements, which was also related to the lack of regional presences and liaison offices. Many countries did not know about GCF as it worked through AEs, which were visible on the ground and therefore more recognizable. For many countries, there was no reason to give P&Is to an invisible institution. This underscored the need for regional presences and liaison offices, whose first task would be to increase GCF visibility on the ground and enhance relationships with GCF partners. As for securing a blanket agreement, the biggest challenge was the question around whether the Governing Instrument was an international instrument. In order to obtain blanket P&Is, GCF should have been established by an international treaty. A number of legal departments did not consider the Governing Instrument an international treaty. Similar to the previous approach, the Executive Director also believed this discussion would progress more quickly with GCF regional presences and liaison offices.

99. With regard to SAP, the Executive Director explained that it often took two years for a policy to take effect, so results from the update of SAP would likely be seen by 2024. Otherwise, the Executive Director suggested that adding staff and service standards would not be the right approach; GCF would have to rethink SAP from first principle.

100. On whether there was a correlation between disbursement and expenditure, the Executive Director said it would be ideal if there was but it did not seem to be the case currently. Creating a correlation between disbursement and expenditure was a priority of the Secretariat.

101. Regarding the balance between adaptation and mitigation, the Executive Director underlined that if all funding proposals submitted to the Board at B.35 were approved, the balance between adaptation and mitigation in grant equivalent terms would reach 50:50. In nominal terms, it would be about 35:65 as grants were often used for adaptation. The Executive Director added that financial needs for adaptation were extremely large, especially given that 90 per cent of adaptation needs had to do with infrastructure. There was a need to completely rethink infrastructure towards climate-resilient and low-carbon design. Infrastructure cost USD 2 to 3 trillion per year in non-Annex I countries. GCF was currently one of the most creative in catalysing private sector finance for adaptation. The Executive Director anticipated more projects that would demonstrate this ability of GCF to catalyse adaptation finance at scale. The Executive Director emphasized that a mitigation financing gap would increase adaptation needs, and an adaptation financing gap would increase loss and damage needs as everything was correlated.

102. With regard to access, the Executive Director highlighted that the understanding of what access meant seemed to differ from person to person. To name a few, access could mean simplicity, speed, flexibility of instruments, harmonization, access at scale or direct access. The Executive Director had observed that addressing one element could negatively impact other elements. Therefore, for the Global Programming Conference held in September 2022, the Secretariat had decided to highlight all the dimensions of access. Additionally, in drafting USP-2,

the Secretariat had endeavoured to integrate the programming dimension of access into the programming objectives and the operational dimension of access into the operational section. The inputs from the USP-2 discussions in Paris would be included in the next draft of USP-2.

103. As for the budget, the Executive Director recommended shifting from an annual budget to a multi-year budget. The Executive Director also explained that some expenditure was directly correlated to the level of financing available, particularly for programming; more programming related to more expenditure. Areas that were not correlated to the level of financing available had reached a plateau at this stage. The strong efficiency gains the Secretariat had made from automating and streamlining many of its processes would also factor into expenditure. However, given the level of ambition of USP-2, the Executive Director said it was clear that a new capability assessment would need to be undertaken.

104. In the interest of time, the Executive Director informed the Board that he would continue to be available at the margins of the Board meeting for further discussions.

105. A final Board member took the floor to provide a suggestion on the issue of P&Is. The Board member said GCF should study the possibility of seeking United Nations observer status as a way to enable it to be entitled to international organization status. Should GCF secure this, even on a standby basis, it would have international organization status recognized under international law.

106. The Co-Chairs thanked the Board member and said that the Secretariat would be taking note of all comments and looking into the suggestions provided by Board members.

107. The Co-Chairs invited the Board to take note of the report on the activities of the Secretariat.

108. The Board took note of document GCF/B.35/Inf.15 titled “Report on the activities of the Secretariat”, its addenda Add.01/Rev.01 titled “Report on the execution of the 2022 administrative budget of GCF”, Add.02 titled “Annual progress report on the implementation of the Strategic Plan for the GCF 2020–2023”, Add.05, and Add.06 titled “Information report on the salary structure”, and its limited distribution addenda Add.03 titled “Status of accreditation master agreements and funded activity agreements”, and Add.04 titled “Status of accreditation master agreements: accreditation master agreement with substantive deviations”.

109. The Board adopted a decision in executive session, which is included in a limited distribution addendum to the meeting report:

DECISION B.35/01 on accreditation master agreements

(a) Risk management framework

110. Annex V to document GCF/B.35/Inf.15 titled “Risk management framework review” was issued to the Board for consideration under this agenda sub-item.

111. An overview of the document was incorporated in the Executive Director's summary of the report on the activities of the Secretariat in agenda item 5 of this report. Comments from Board members regarding the risk management framework were also provided alongside their comments on the activities of the Secretariat.

112. No decision was taken under this agenda sub-item.

Agenda item 6: Report on the activities of the Co-Chairs

113. The Co-Chairs opened the agenda item and drew the attention of the Board to document GCF/B.35/Inf.16/Rev.01 titled "Report on the activities of the Co-Chairs"

114. They referred the Board to the written report and invited the Board to take note of it.

115. Seeing no objections, the Board took note of document GCF/B.35/Inf.16/Rev.01 titled "Report on the activities of the Co-Chairs".

116. No decision was taken under this agenda item.

Agenda item 7: Reports from Board committees, panels and groups

117. The Co-Chairs opened the agenda item and drew the attention of the Board to document GCF/B.35/Inf.09 titled "Reports from committees, panels and groups of the Board of the Green Climate Fund" and its addendum. These contained the reports of the following:

(a) Accreditation Committee;

(b) Investment Committee (IC);

(c) Accreditation Panel;

(d) Independent Technical Advisory Panel (iTAP);

(e) Budget Committee;

(f) Ethics and Audit Committee; and

(g) Performance Oversight Committee.

118. The Co-Chairs referred the Board to the written reports presented to it for information and invited the Board to take note of the reports.

119. Seeing no comments and no objections, they were so noted.

Appointment of members of the independent Technical Advisory Panel

120. The Co-Chairs informed the Board that they would also consider the report from the IC with respect to the nomination of new members of iTAP, as contained in document GCF/B.35/17 titled "Appointment of Members of the Independent Technical Advisory Panel".

121. The Co-Chairs invited the chair of the IC to make some brief remarks.

122. The chair of the IC, Edward Webber, said that his remarks would cover both the appointment of four new iTAP members and the individual performance evaluations of three existing iTAP members whose contracts would be ending in December 2023.

123. With regard to the new appointments, the chair explained that the contracts of five members of iTAP had ended in February 2023, leaving only four members in the panel. For it to fully serve its function and to avoid delays in assessing the large pipeline of funding proposals, the capacity of iTAP should be reinforced urgently. In response, the IC, supported by the Secretariat, had launched a recruitment to fill the vacant positions in the panel. One hundred and sixty-four candidates had then been screened against five criteria based on the iTAP terms of reference (TOR). Sixteen shortlisted candidates had been interviewed on 6 and 7 March 2023 by an interview panel composed of two IC members (one each from the developing and developed country constituencies) and one Secretariat representative. After thorough

deliberations in the IC, the committee was pleased to unanimously recommend four strong candidates to iTAP for the Board's consideration. Their addition would double the capacity of the current panel, ensure stronger geographical balance, strengthen the expertise of the iTAP across all GCF results areas (including on adaptation and having direct experience with the Intergovernmental Panel on Climate Change and the United Nations Framework Convention on Climate Change), and significantly help diversify the panel with a range of backgrounds. The chair thanked the members of the IC and the Secretariat who had supported the recruitment and deliberation processes. The chair added that, should the Board approve the appointment of the four candidates, there would be two vacant positions left in iTAP. The IC believed that to further reinforce the capacity of iTAP and its overall balance, a new recruitment process should be initiated with particular consideration given to adaptation experience and gender balance.

124. As for the individual performance evaluation for reappointments, Mr. Webber recalled that, per document GCF/B.35/18 titled "Individual Performance Evaluation for Reappointment of Members of the Independent Technical Advisory Panel", the contracts of three out of four current members of the panel would be ending in December 2023. An evaluation of individual members could be conducted to assess their performance and inform potential reappointments. The IC chair informed the Board that this process would be initiated upon Board approval, and that the TORs for iTAP and the individual performance review were included in annexes II and III of the document.

125. Finally, the chair was pleased to report that the IC and iTAP had met the day before, signalling the resumption of regular dialogue between the two groups. They intended to continue meeting at future Board meetings. The meeting had been constructive and the IC was impressed with the openness and thoughtfulness of iTAP members in engaging in discussions around their functioning and how the panel could best fulfil its purpose as well listening to frank feedback from committee members.

126. In conclusion, with the proposed appointment of four new iTAP members – alongside the forthcoming evaluation of the panel's structure and effectiveness; a reactivated dialogue with the IC; and recruitment to fill the remaining two iTAP vacancies to further reinforce the panel's capacity – the chair believed real progress could be made in coming months.

127. The Co-Chairs thanked the IC for its work and took note of the iTAP nominations presented to the Board. They opened the floor for comments.

128. As there were no comments, the Co-Chairs drew the attention of the Board to document GCF/B.35/17 titled "Appointment of Members of the Independent Technical Advisory Panel", noting that the draft decision in annex I to the document invited the Board to endorse the nominations by the IC of experts to iTAP.

129. They invited the Board to adopt the draft decision.

130. Seeing no objections, the decision was so adopted.

131. The Board adopted the following decision:

DECISION B.35/02

The Board, having considered document GCF/B.35/17 titled "Appointment of Members of the Independent Technical Advisory Panel":

(a) <u>Recalling</u> the updated terms of reference of the independent Technical Advisory Panel as noted in decision B.BM-2018/09;

(b) <u>Endorses</u> the nomination by the Investment Committee of the following experts to

the independent Technical Advisory Panel for one three-year term starting on 1 April 2023:

(i) *Ina Hoxha (Female, Albania);*

(ii) *Jan Martin Witte (Male, Germany);*

(iii) *Jurg Grutter (Male, Switzerland); and*

(iv) *Kenel Delusca (Male, Haiti).*

Provisioning for the performance review of independent Technical Advisory Panel members

132. After congratulating the new members of iTAP, the Co-Chairs drew the attention of the Board to document GCF/B.35/18 titled "Individual Performance Evaluation for Reappointment of Members of the Independent Technical Advisory Panel", in which the IC proposed that a performance review of the iTAP members be conducted prior to potential reappointments.

133. The Co-Chairs invited the Board to adopt the draft decision in annex I to the document.

134. Seeing no objections, the decision was so adopted.

135. The Board adopted the following decision:

DECISION B.35/03

The Board, having considered document GCF/B.35/18 titled "Individual Performance Evaluation for Reappointment of Members of the Independent Technical Advisory Panel":

(a) *Decides that the performance review of the members of the independent Technical Advisory Panel shall be undertaken by an independent firm, with the aim of presenting the outcome of the performance review to the Board for consideration at its thirty-seventh meeting, pursuant to the terms of reference included in annex IV; and*

(b) *Requests the Secretariat to procure the independent firm referred to in paragraph (a) above.*

Appointment of Board members to committees

136. The Co-Chairs informed the Board that, as representatives of the Group of Latin America and the Caribbean countries had joined the Board, vacancies in Board committees could be filled and members of the Risk Management Committee could be nominated.

137. The Co-Chairs then drew the Board's attention to the draft decision projected on the Boardroom screen containing nominations for various Board committees.

138. They invited the Board to adopt the draft decision as projected.

139. Seeing no objections, the decision was so adopted.

140. The Board adopted the following decision:

DECISION B.35/04

The Board:

(a) Appoints as a member of the Accreditation Committee, Walter Schuldt;

(b) Also appoints as a member of the Budget Committee, Jaime Tramon;

(c) Further appoints as a member of the Ethics and Audit Committee, Nino Tandilashvili, replacing Nadia Spencer-Henry;

(d) Appoints as a member of the Ethics and Audit Committee, Hillary Clifford, replacing Victoria Gunderson;

(e) Also appoints as a member of the Performance Oversight Committee of the Executive Director and Heads of Independent Units, Hussein Alfa Nafo, replacing Nauman Bashir Bhatti as the developing country representative; and

(f) Further appoints as members of the Risk Management Committee, for the remainder of the fourth term of the Board ending 31 December 2024:

(i) Diann Black-Layne;

(ii) Orlando Garner;

(iii) Mark Dennis Y.C. Joven;

(iv) Jaime de Bourbon de Parme;

(v) Malin Meyer; and

(vi) Sarah Metcalf.

Agenda item 8: Reports on the activities of the independent units

141. The Co-Chairs opened the agenda item and drew the attention of the Board to the following documents:

(a) GCF/B.35/Inf.02 titled "Annual Report 2022 of the Independent Evaluation Unit";

(b) GCF/B.35/Inf.05 titled "Report on the activities of the Independent Integrity Unit";

(c) GCF/B.35/Inf.06 titled "2022 Annual Report of the Independent Integrity Unit";

(d) GCF/B.35/Inf.07 titled "2021 Annual Implementation Report on the Policy on Prohibited Practices";

(e) GCF/B.35/Inf.08 titled "2021 Annual Implementation Report on the Policy on the Protection of Whistleblowers and Witnesses";

(f) GCF/B.35/Inf.17 titled "Report on the activities of the Independent Redress Mechanism";

(g) GCF/B.35/Inf.18 titled "2022 Independent Redress Mechanism Annual Report";

(h) GCF/B.35/Inf.19 titled "Report on the outcomes of the IRM's self-initiated proceedings into C-0002-Peru"; and

(i) GCF/B.35/Inf.21 titled "Report on the activities of the Information Appeals Panel".

142. They referred the Board to the written reports, noting the Board would have the opportunity to interact with the independent units during the meeting, as it considered the various agenda items, and on the margins of the meeting.

143. They invited the Board to take note of them.

144. Seeing no objections, the Board took note of the following documents:

(a) GCF/B.35/Inf.02 titled "Annual Report 2022 of the Independent Evaluation Unit";

(b) GCF/B.35/Inf.05 titled "Report on the activities of the Independent Integrity Unit";

(c) GCF/B.35/Inf.06 titled "2022 Annual Report of the Independent Integrity Unit";

(d) GCF/B.35/Inf.07 titled "2021 Annual Implementation Report on the Policy on Prohibited Practices";

(e) GCF/B.35/Inf.08 titled "2021 Annual Implementation Report on the Policy on the Protection of Whistleblowers and Witnesses";

(f) GCF/B.35/Inf.17 titled "Report on the activities of the Independent Redress Mechanism";

(g) GCF/B.35/Inf.18 titled "2022 Independent Redress Mechanism Annual Report";

(h) GCF/B.35/Inf.19 titled "Report on the outcomes of the IRM's self-initiated proceedings into C-0002-Peru"; and

(i) GCF/B.35/Inf.21 titled "Report on the activities of the Information Appeals Panel".

145. No decision was taken under this agenda item.

Agenda item 9: Second replenishment of the GCF: update from the replenishment Facilitator

146. The Co-Chairs opened the agenda item and drew the attention of the Board to document GCF/B.35/Inf.12 titled "Co-Chairs' summary of the first consultation meeting for the second replenishment of the Green Climate Fund".

147. The Co-Chairs then invited the 2022 Co-Chairs of the Board, Jean-Christophe Donnellier and Tlou Ramaru, who had chaired the first consultation meeting, to present the summary of the meeting.

148. The 2022 Co-Chairs of the Board recalled that, pursuant to decision B.33/11, the first consultation meeting had been held virtually on 1–2 December 2022 to discuss matters relating to the second formal replenishment of GCF. The first consultation meeting had been attended by 37 potential contributors, 16 Board members, a representative of the Trustee, 3 active observers of the Board (2 civil society observers and 1 private sector observer), and observers from the secretariats of the United Nations Framework Convention on Climate Change (UNFCCC), the Adaptation Fund, and the Climate Investment Funds.

149. The 2022 Co-Chairs recounted that the Secretariat had provided an overview of implementation and results from the first replenishment period of GCF (GCF-1) as well as progress against strategic and institutional priorities under GCF-1. The Independent Evaluation Unit had also presented updates on the Second Performance Review of the GCF. Additionally, the financial position of GCF and the reference exchange rate to be used for the second replenishment period of GCF (GCF-2) had been discussed with the participants, who had then agreed on using the six month period of 1 January 2023 through 30 June 2023 as the time

period to calculate reference exchange rates for GCF-2. Following this, the Secretariat had introduced the updated draft of the policy for contributions, after which participants had expressed views on various issues including minimum contribution, effectiveness, timing of contributions, encashment, and commitment authority. Lastly, the Secretariat had presented the updated Strategic Plan for the GCF for 2024–2027 (USP-2) and invited participants to provide input. To conclude, the 2022 Co-Chairs invited the Board to read the summation report contained in document GCF/B.35/Inf.12 for further details on matters discussed during the first consultation meeting.

150. The 2022 Co-Chairs of the Board then introduced the replenishment Facilitator, Mahmoud Mohieldin, who was the United Nations Climate Change High-Level Champion for Egypt and had been the United Nations Special Envoy on Financing the 2030 Sustainable Development Agenda since 2020. Mr. Mohieldin currently served as an Executive Director at the International Monetary Fund and would be serving as the Facilitator for GCF-2 until the end of 2023. The 2022 Co-Chairs thanked Mr. Mohieldin and invited him to take the floor.

151. Mr. Mohieldin said that he was pleased to have the opportunity to address the Board and was honoured to have been selected as the Facilitator for the second replenishment of GCF. He thanked the current and 2022 Co-Chairs of the Board, the Executive Director, and the Secretariat for the excellent collaboration they had had to date. The Facilitator emphasized that he would be relying on the guidance and support of the Board and the Co-Chairs in carrying out his tasks.

152. The Facilitator then drew the attention of the Board to pertinent areas for its consideration and comments. Mr. Mohieldin said that there was recognition in the climate finance communities and, beyond that, a fully resourced GCF was critical to making climate finance accessible to developing economies and accelerating climate action. The Facilitator then laid out some of the issues that would affect the work of GCF in this regard. The first was how the finance landscape for global public goods, including sustainable development and climate action, was developing. The Facilitator pointed to the recent and current shocks in the global financial system since the COVID-19 pandemic started in 2020 and the reactions to that, including serious implications for the financial sector and fiscal positions of many countries. Further considerations were the impacts of the war in Ukraine as well as developments in the markets, particularly higher interest and inflation rates, fears of stagflation, and the recession being felt in different markets. Regulators and government agencies were working against the clock to prevent bank runs. With all this said, the Facilitator concluded that there was currently a deficit in trust and a surplus in crises.

153. In addition to these more recent shocks, there was already an emphasis even before 2020 that the world was facing demographic challenges, climate change challenges and inequality. This was the case for the world at large, in both developing and developed countries. The developing economies in particular were facing unprecedented problems in poverty alleviation and debt. The Facilitator said that, as the aforementioned global developments could not be ignored, the best way to implement climate action measures based on the Paris Agreement and its different dimensions was to take a holistic approach. This was also emphasized at the twenty-seventh session of the Conference of the Parties to the UNFCCC (COP 27). Such an approach would be very helpful in the context of the replenishment and other matters related to partnerships and leveraging the business sector.

154. The Facilitator noted that the replenishment process presented a good opportunity for reflection on performance, as it should not just be about money but also about enhancing direction and building on positive developments. Such reflection could be a source of great knowledge for the Board but not necessarily for the concerned public and major stakeholders; hence, better communication and outreach should be emphasized.

155. Mr. Mohieldin indicated that key topics for further discussion and engagement in GCF included areas related to presence in various regions, noting that the issue of regionalization had come up in different ways in the climate action agenda. The second area of work related to partnerships, particularly: (a) partnership and leveraging the private sector, (b) engagements with philanthropies; and (c) engagements with multilateral development banks, national development banks and other institutions. GCF had started work on these matters but more was needed going forward. Another area for further discussion related to innovation of finance at large. During COP 27 and in the preparations for COP 28, the Facilitator had seen the potential role of GCF in the greening of economies, development of carbon markets, and areas of work related to debt swaps especially for small islands. These areas could benefit from the expertise of GCF either through financial instruments or technical collaboration. Another area for discussion was loss and damage. The Facilitator was pleased to see that some of the members of the transitional committee on loss and damage were also members of the GCF Board. This would be useful in identifying the potential role of GCF, if any, in this area. Other areas for discussion related to due diligence, governance, reforms, accreditation and access. While much progress had been made in these areas, the Facilitator noted that better communication about this progress was needed.

156. As for organizational matters, the Facilitator acknowledged the impressive work of the Executive Director and the Secretariat on the replenishment since B.34. They had conducted outreach at a variety of events with great impact. For instance, at COP 27 and its many events, the Secretariat had had around 360 engagements, while at COP 15 it had had several high-level bilateral meetings. To support the replenishment further, the Senior Management Team of GCF had also undertaken missions to Austria, Australia, Belgium, Denmark, Finland, France, Germany, Japan, Luxembourg, New Zealand and Spain as well as had had calls and meetings with the Republic of Korea, Sweden and Switzerland, with further meetings planned in forthcoming weeks. Additionally, the Secretariat had several engagements planned for the next six months, culminating in the contribution of GCF towards the Climate Ambition Summit. An exceptional number of summits would be taking place in 2023 that would be of great relevance to the work of GCF. There was also an overwhelming number of initiatives related to the international financial architecture, many of which would impact the replenishment. GCF should be part of these initiatives and be perceived as part of solutions to the challenges facing climate finance, which were currently perceived by many beneficiaries globally as being insufficient, inefficient, unfair and biased.

157. Further on organizational matters, preparations were ongoing for the second consultation meeting. The Facilitator thanked the Government of the Republic of Korea for offering to host this important meeting, which would be taking place on 27–28 April 2023. The Facilitator highlighted that the Board would be making the final decision on whether this would be a hybrid or virtual meeting. With regard to the Pledging Conference, the Facilitator thanked the Government of Germany for offering to host the Pledging Conference as an in-person meeting in Bonn on 5 October 2023. The Government of Germany and the Secretariat had regular calls to coordinate the logistics and activities for the conference. As for the Facilitator's activities, Mr. Mohieldin said that, with the support of the Secretariat, every day leading up to the Pledging Conference would be used to maximize the outcomes of the conference. Finally, the Facilitator said he was grateful for the Board members' trust and confidence and thanked them in advance for their support and guidance.

158. The Co-Chairs thanked the Facilitator, the 2022 Co-Chairs of the Board, the Executive Director and the Secretariat for their hard work and support towards a successful replenishment. The Co-Chairs then informed the Board that, having consulted the various Board constituencies regarding the second consultation meeting, they proposed that the meeting be held virtually on 27–28 April 2023.

159. The Co-Chairs opened the floor for comments.

160. The Board member from Norway also thanked the Facilitator, the Secretariat and the 2022 Co-Chairs for their work. The Board member indicated that Norway would be contributing to GCF-2, reaffirming its support to GCF, which was the country's main multilateral channel for climate finance. Norway had committed to doubling climate finance and tripling adaptation finance by 2026. Along with a few other countries, Norway had already doubled its contribution to GCF from the initial resource mobilization (IRM) period to GCF-1. With this said, Norway encouraged the countries that did not double their contributions from IRM to GCF-1 to consider how they could better contribute to GCF-2. As political leadership was much needed, Norway was pleased to note that some countries had already announced their intention to increase their contributions to GCF.

161. The Board member then drew attention to the fact that there had been 43[2] contributors during IRM but only 34 contributors during GCF-1, which meant GCF had lost 9 contributors from IRM. The Board member encouraged the Facilitator and the Secretariat to reach out to these contributors and determine why they had not continued their engagement and how they could be persuaded to re-engage with GCF. Noting that new climate finance initiatives and mechanisms were continually being established, the Board member emphasized that, as budgets remained fixed, the Board should rally around selected initiatives rather than spreading out limited resources to as many initiatives as possible.

162. Lastly, the Board member stressed the importance of better communicating the achievements of GCF. If government leaders continued to receive negative messages about GCF, it would become increasingly difficult to advocate for it and continue partnership with it. The Board member underscored that all Board members had the obligation to ensure that the right message was received by their respective political leaders and to have confidence in GCF; otherwise, it would be difficult to ensure a good replenishment. The Board member concluded by repeating the call to improve the messaging about GCF.

163. The Co-Chairs thanked the Board member for the clear reminder on constructive criticism coupled with advancing positive messaging.

164. The Board member from Germany thanked the previous Board member for their recommendations and call to action, especially given the latter's extensive experience in the GCF Board. The Board member also thanked the Facilitator, the Executive Director and the Secretariat for the impressive work they had accomplished to date.

165. Given the start of the second replenishment process and the preparation of USP-2 for adoption at B.36, the Board member believed GCF was at a critical moment. There was a strategic opportunity to make GCF stronger and more transformative, ambitious and accessible to contribute substantially to addressing the climate crisis during this critical decade. An ambitious updated strategy and a successful and ambitious replenishment would be key to this.

166. The Board member said Germany was fully committed to making a significant contribution to GCF-2 and the replenishment process. It called upon all potential contributors to make contributions to GCF-2. Given the increasing needs and maturity of GCF and its ability to increase the pipeline of transformative projects, Germany also encouraged existing contributors to contribute as much or more than the amount they had contributed to GCF-1. Additionally, Germany called upon contributors, particularly traditional contributors to IRM but not GCF-1, to

[2] Per the GCF website, as at 31 March 2023, a total of 45 countries, 3 regions and 1 city had made a pledge to GCF during the IRM period. For GCF-1, 32 countries and 2 regions had made a pledge.

re-engage substantially in GCF-2. Germany also encouraged new contributors, including non-traditional contributors from emerging economies, to engage in GCF-2.

167. Aligning with the previous Board member, the Board member from Germany repeated that GCF should better communicate the progress it was making. Though work was still ongoing in many aspects, telling its success stories was particularly important for the replenishment process. The Board member welcomed the Facilitator's engagement and expressed interest in the latter's strategy regarding innovative alternative sources and outreach in that area. Lastly, the Board member said Germany was pleased to host the High-Level Pledging Conference for GCF-2 on 5 October 2023 in Bonn. They looked forward to welcoming the Board and as many contributors as possible.

168. The Co-Chairs thanked the Board member for their input and Germany for offering to host the Pledging Conference.

169. The Co-Chairs invited an active observer for civil society organizations (CSOs) to take the floor.

170. The CSOs welcomed Mr. Mohieldin as the replenishment Facilitator and thanked him and the 2022 Co-Chairs for the updates on the replenishment. They called for a strong and ambitious replenishment, which was vital to achieving the transformative climate action needed in this decade and providing promised climate finance to the most vulnerable communities. The need for climate finance was stronger than ever before, as updated data on climate impacts and the imperative to act continued to emerge. Delaying action would only increase the potential irreversible damage to people and the planet, especially in developing countries, as well as increase the scale of finance needed not only for mitigation and adaptation, but also loss and damage.

171. The CSOs also called on all developed country Parties to meet their obligations as the primary providers of climate finance as specified in the UNFCCC, the Paris Agreement, and the Governing Instrument for the GCF. They should not only make ambitious pledges, but also fully deliver these pledges. Such pledges should be made in the form of grants to fulfil these obligations and to give GCF maximum flexibility in supporting countries, including with full cost grant support. Noting that an ambitious replenishment would be a powerful signal to the international community in the process of setting a new collective quantified goal on climate finance, they urged contributors to GCF to uphold their commitments on climate action and climate finance through their coming pledges and actual contributions.

172. Acknowledging that the Facilitator's task was substantial, a final Board member said they trusted Mr. Mohieldin to deliver. The Board member also thanked the Facilitator, the Executive Director and the Secretariat for the work accomplished thus far. While supportive of innovation and widening the scope of contributors, the Board member stressed that the UNFCCC was clear about who the core providers of climate finance for developing countries should be. The messaging of the replenishment should be consistent with the Convention as well as the Governing Instrument. The Board member was pleased that some countries had already indicated their intention to contribute to GCF-2 and encouraged all developed countries to take the replenishment seriously and fulfil their responsibilities, especially as the climate crisis continued to worsen.

173. The Co-Chairs invited the Facilitator, Mr. Mohieldin, and the Executive Director, Yannick Glemarec, to respond to the comments.

174. Mr. Mohieldin thanked the Board for its support and early indications of commitment from various countries regarding contributions. On the emphasis and guidance on re-engaging previous contributors to IRM, this was well noted and taken seriously. As for improving

communication, the Facilitator said there were many issues in this area that mainly had to do with perception rather than reality. The only way to address this was to use evidence and good communication in conveying the achievements of GCF, not just for the replenishment but as an overall approach in GCF engagements and operations going forward.

175. With regard to alternative sources, the Facilitator said these should be taken as additional and complementary and not as substitutes or to bridge gaps in funding that should come from traditional sources. Nonetheless, some early indications of willingness to engage had been received from these sources. Updates on this would be provided when progress was made. Finally, regarding delivering on commitments and on the form of commitments to be primarily grants, the Facilitator said the seriousness of this issue was well noted.

176. The Executive Director acknowledged that the current political economy was not the easiest context for a replenishment, adding that they would all have to work together to make it a success. Agreeing with the points made by the Board member from Norway, the Executive Director emphasized that, ultimately, the replenishment was a political exercise. It was not based on facts, but on perceptions. The Executive Director highlighted that, in terms of communication, while people could easily forget what had been said to them, they usually remembered how they felt. The replenishment was strongly linked to how people felt about GCF. It would therefore be ideal if every Board member and stakeholder of GCF could be an ambassador for the organization. In this regard, the Executive Director emphasized that, in addition to the Secretariat, civil society organizations had been working hard for several months to support the replenishment. On re-engaging countries that had contributed to IRM but not GCF-1, the Executive Director said that dialogue with these contributors had never ceased and that the Secretariat had had close consultations with these contributors in the past year.

177. The Co-Chairs thanked the Facilitator and the Executive Director. They invited the Board to take note of the information provided.

178. The Board took note of document GCF/B.35/Inf.12 titled “Co-Chairs’ summary of the first consultation meeting for the second replenishment of the Green Climate Fund”.

179. No decision was taken under this agenda item.

Agenda item 10: Status of GCF resources, pipeline and portfolio performance

180. The Co-Chairs opened the agenda item and drew the attention of the Board to the following documents:

(a) GCF/B.35/Inf.10 titled “Status of the Green Climate Fund resources”;

(b) GCF/B.35/Inf.03 titled “Status of the GCF pipeline, including the status of Project Preparation Facility requests”;

(c) GCF/B.35/Inf.03/Add.01 presenting a list of funding proposals and Project Preparation Facility requests, transmitted on a limited distribution basis;

(d) GCF/B.35/Inf.03/Add.02 presenting a list of concept notes, transmitted on a limited distribution basis; and

(e) GCF/B.35/Inf.11 titled “Status of the GCF portfolio: Approved projects and fulfilment of conditions”.

181. They invited representatives of the Secretariat, the Chief Financial Officer/Chief Operating Officer, Ms. Hong Paterson, and the Director of Portfolio Management, Ms. Lilian Macharia, to introduce the documents.

182. Ms. Paterson provided an overview of the status of GCF resources and commitments to date as outlined in document GCF/B.35/Inf.10, highlighting that the remaining commitment authority as of 31 December 2022 was USD 0.96 billion and the commitment authority for B.35 was approximately USD 1.1 billion.

183. Ms. Macharia presented the status of the GCF pipeline and portfolio, including the Readiness and Preparatory Support Programme (Readiness Programme) and the Project Preparation Facility, performance of projects/programmes under implementation, and the Secretariat's key initiatives in improving portfolio monitoring and management.

184. The Co-Chairs invited the Board to take note of the information provided and opened the floor for comments.

185. With regard to delays and the administrative burden of obtaining no-objection letters (NOLs) for change requests in multi-country projects, a Board member noted that, unlike GCF, entities like the Adaptation Fund and the Global Environment Facility did not require all countries covered by a multi-country programme to be consulted again if there was a change in one country that would not affect the others. The Board member highlighted that the example cited by the Secretariat, FP152, was a different situation as it involved a request for extension that would affect all countries in the programme. As for NOLs, the Board member said the process should be more robust and it should be clear to national designated authorities (NDAs) what risks were involved in these NOLs. Acknowledging that it would not be ideal to seek NOLs every time there was a change request, the Board member stressed that the NOL process should be retained but strengthened and made more practical.

186. The Co-Chairs thanked the Board member, recalling that the current agenda item was for information only; the Board would not be taking any decisions on this matter. Recommendations from the Secretariat and the Board would be considered under the relevant policy items in the future.

187. An active observer for civil society organizations (CSOs) was invited to take the floor.

188. The CSOs welcomed the reports of the Secretariat and wished to highlight a few points. First, they noted that the list of funded activities with challenges that might need restructuring, temporary suspension and/or cancellation had grown. At the same time, the document suggested that the Board consider reviewing the requirement for NOLs for approved projects that were seeking changes, which currently required country consultation and confirmation of the existing NOL or issuance of a new one. The document seemed to suggest that the Board should consider not requiring consultation with NDAs to confirm the NOLs (in order to "align GCF's responsiveness with co-financiers") in cases where the changes were considered to not negatively affect the country. However, beyond the fact that there were no clear criteria for establishing when a country might or might not be negatively affected, it seemed untransparent and contrary to the principle of country ownership to effect changes without country consultation. GCF seemed to place the interests of co-financiers above the rights and interests of developing countries. Following conversations earlier in the meeting about NOLs and their misuse, this once again highlighted the need for GCF to seriously think about how it was ensuring country ownership. Considering the types of changes exemplified in this document, the Board should reject the implication that countries should not be consulted and not leave this decision to the discretion of the Secretariat and co-financiers.

189. Secondly, the CSOs were concerned about approved projects under implementation in countries where political shifts were occurring, making compliance with core GCF policies (including commitments to gender equality, the rights of indigenous peoples, and safeguards) difficult, if not impossible, and rendering many project goals no longer achievable. In the absence of a clear protocol for such situations, the CSOs wished to know where GCF would draw the line between restructuring and suspension or total cancellation of a project.

190. Finally, with respect to the second phase of the REDD+ Results-Based Payments Pilot Programme (REDD+ RBP Pilot Programme), the active observer reiterated the willingness and interest of the GCF observer network of civil society, indigenous peoples and local communities to engage in the processes related to the second phase of this programme, including revising core criteria and approaches in response to critical lessons learned.

191. Regarding REDD+ results-based payments, a Board member underscored the need for the REDD+ RBP Pilot Programme of GCF to move from its pilot phase to full implementation. The continuation of this programme was very important for their region. The Board member recalled that the REDD+ framework under the United Nations Framework Convention on Climate Change shall be fully operational as a permanent financial channel based on results from REDD+ implementation to reduce emissions from deforestation and forest degradation in developing countries. The programme had special significance to developing countries and their work towards reducing emissions and investing in policies, infrastructure and development programmes for their people and productive sectors. This programme was significant in their efforts to combat climate change and was an efficient instrument, which required funds to fulfil its functions. The Board member also recalled that the role of REDD+ was to be a mechanism that valued and granted benefits for results such as avoiding the loss of biodiversity and reducing emissions associated with deforestation and forest degradation.

192. The Co-Chairs invited the Secretariat to respond to the comments.

193. On the comments and recommendation regarding REDD+, Ms. Macharia said that these were well-noted. As for the issues around change requests in multi-country projects, Ms. Macharia highlighted an instance when one country in a multi-country programme had requested a change in currency. While this change would not affect the other countries in the programme, the current policy required that these countries be consulted anyway. Emphasizing that this prolonged process impacted implementation and disbursement, the Secretariat was seeking guidance from the Board on such gaps where there was no clear guidance.

194. The Co-Chairs thanked the Secretariat representative, repeating that the issues raised would be included in the Board's consideration of relevant policies and procedures in the future.

195. They invited the Board to take note of the information provided.

196. The Board took note of document GCF/B.35/Inf.03 titled "Status of GCF pipeline, including the status of Project Preparation Facility requests", its limited distribution addenda Add.01 titled "List of funding proposals and Project Preparation Facility requests" and Add.02 titled "List of concept notes", document GCF/B.35/Inf.10 titled "Status of the Green Climate Fund resources", and document GCF/B.35/Inf.11 titled "Status of the GCF portfolio: Approved projects and fulfilment of conditions".

197. No decision was taken under this agenda item.

Agenda item 11: Consideration of funding proposals

198. The Co-Chairs opened the agenda item and drew the attention of the Board to document GCF/B.35/02 titled “Consideration of funding proposals” and its associated addenda.

199. They thanked all those Board members who had submitted written questions and comments to the Secretariat to allow for effective preparations. They also noted that a technical session had been held on Wednesday, 8 March 2023 to address questions and comments from Board members. They thanked the Secretariat and accredited entities (AEs) for engaging in the session.

200. With reference to the Policy on Ethics and Conflicts of Interest for the Board of the Green Climate Fund, the Co-Chairs invited any Board members and active observers who wished to declare a conflict of interest, or who wished to refrain from the deliberations on any of the funding proposals, to do so.

201. The alternate Board member from the Philippines stated that they wished to recuse themselves from the consideration of FP201 as this was a project from the Food and Agriculture Organization of the United Nations (FAO) for the Department of Agriculture in the Philippines.

202. The Board member from Germany stated that they had a potential conflict of interest in respect of FP200 submitted by the Deutsche Gesellschaft für Internationale Zusammenarbeit (GIZ) GmbH, which was affiliated to the German Government, and from consideration of FP198, where a change was requested to the existing funding proposal, as this was also a project which had also been submitted by GIZ.

203. The Co-Chairs thanked the Board members.

204. They then explained the process they proposed to follow in first reviewing the overall package of funding proposals, after which individual funding proposals would be considered. For each funding proposal, the Secretariat would briefly introduce the funding proposal. The Co-Chairs would then invite the Board to approve the funding proposal for the amount requested and terms and conditions specified and open the floor for any views.

205. In addition to new funding proposals, the Co-Chairs stated that funding proposals with requests for proposed changes would be presented to the Board for approval in accordance with the Policy on Restructuring and Cancellation. These requests would be considered by the Board after the new funding proposals.

206. In all cases, representatives from AEs would be available to respond to questions as needed when their respective funding proposals were considered.

207. The Co-Chairs invited the Secretariat to provide an introduction to the package of funding proposals.

208. A representative of the Secretariat, Deputy Executive Director Henry Gonzalez, presented an overview of the seven funding proposals and the projected portfolio of GCF should all seven be approved.

209. An overview of the distribution by geographical region, thematic area, and financial instrument, in both nominal and grant equivalent terms, was provided. The presentation also included the expected emission reductions and the number of beneficiaries, along with the portfolio distribution among vulnerable countries as well as across the eight results areas.

210. For B.35, the Secretariat submitted 10 funding proposals to the independent Technical Advisory Panel (iTAP) under the rolling review process. These funding proposals would have resulted in 75 per cent for adaptation in grant equivalent terms. The submission also included one direct access entity (DAE) proposal, which would have resulted in a 21 per cent DAE share in grant equivalent terms.

211. After the iTAP review, two funding proposals had not been endorsed. One private sector proposal which was endorsed by the Secretariat and iTAP was withdrawn by the AE for unanticipated commercial reasons. In accordance with decision B.17/09, paragraph (j), the non-endorsed funding proposals would be revised by the respective AE with a view to presenting the funding proposals at a future meeting of the Board. It was important to note that the Board had provided guidance for iTAP to meaningfully engage with the AEs on the non-endorsed projects (see decision B.34/10, paragraph (p)). It had already happened in the case of this project that had not been endorsed, and the Secretariat looked forward to bringing this project to the Board in due time.

212. The overview of the proportion of DAE funding proposals and financing in the portfolio and the efforts made through Project Preparation Facility (PPF) modalities were also presented to the Board. Over subsequent Board meetings, the percentage of DAE proposals slowly increased to 18 per cent in grant equivalent terms before falling again at B.35 following the iTAP assessment not endorsing a DAE funding proposal.

213. Despite this incremental progress, DAEs still faced many challenges in submitting proposals to GCF and having them approved. Capacity constraints made it difficult to meet GCF project quality standards in concept notes and funding proposals, resulting in many iterations and long lead times.

214. The number of concept note and funding proposal submissions by DAEs steadily increased between 2015 and 2019. However, there had been a downward trend since 2020. In addition to project development challenges, the impact of the COVID-19 pandemic had slowed down the development of the projects/programmes by DAEs.

215. The activities to facilitate an increase in DAE access included: (a) providing detailed instructions and guidance on GCF policies and procedures the funding proposal review process; (b) offering technical assistance through the Readiness and Preparatory Support Programme (Readiness Programme) for capacity-building and support with new GCF policies; (c) providing PPF service and individual consultants for proposal development support; and (d) communicating in the working languages of DAEs where possible and engaging through missions, video calls, and side meetings.

216. The Co-Chairs thanked the Secretariat representative and opened the floor for general comments on the funding proposal package.

General discussion

217. A range of comments were made which, among other matters, addressed direct access, adaptation/mitigation balance, no-objection letters (NOLs)/country ownership, results areas and iTAP.

No-objection letters and country ownership

218. The Board member from Antigua and Barbuda representing small island developing States (SIDS) took the floor to highlight a major issue with NOLs in respect of large projects with yet-to-be defined subprojects. This involved national designated authorities (NDAs) in countries being pressured to sign NOLs when, in effect, they were being asked to sign a blank cheque. The Board member requested that the Secretariat show a copy of the NOL template (see decision B.08/10) on the Boardroom screen so that they could explain the issue.

219. Once this was projected, the Board member drew the attention of the Board to paragraph (c): "In accordance with the GCF's environmental and social safeguards, the project

as included in the funding proposal is in conformity with relevant national laws and regulations." In the case of a project in their country, the NDA was asked to sign an NOL where GCF was the anchor investor. The subproject as currently structured was high risk and category A, but the AE was only approved for category B projects. They had subsequently signed the NOL but without approving paragraph (c). This was then rejected by the Secretariat.

220. The NDA asked the AE what would happen if the country had a subsequent issue with the implementation of the project (which could have a significant impact on the community, which might be positive but could equally be negative) and wished to take legal action against the AE in court. The AE told the NDA that, under the memorandum of understanding between the Government of Antigua and Barbuda and the AE, any such legal action would have to be initiated in a court in the United States of America where the entity was based. However, developing countries had no funds to deal with this type of situation. The Board member noted that developed countries would never agree to sign such an open ended agreement, noting there was clearly a power imbalance. GCF was effectively transferring the legal risk to the developing country. Several Caribbean and Pacific islands had experienced this situation where projects were being imposed on them but these projects were not their priorities. Furthermore, they had no idea what risks might be involved. As such, the Board member stated that they wished to see the NOL procedure revised, bearing in mind that, in reality, NDAs, as government workers, had very limited powers.

221. In the case of Antigua and Barbuda, the AE said that they would only talk to the country's prime minister and not the NDA. The prime minister was then told by the AE that the NOL was merely a formality. SIDS were no longer prepared to tolerate this situation as they could not send a signal that they were prepared to go along with the status quo. While they would not object to any projects presented at B.35, they stated that the Board member did not believe that the Secretariat had the capacity to undertake the due diligence to manage the risks.

222. The Co-Chair thanked the Board member for providing a perspective as an NDA and for the willingness to enable the Board to proceed, while highlighting the issues.

223. During subsequent interventions, many Board members expressed support for the views expressed by the Board member for Antigua and Barbuda.

224. One of these, who was an NDA of the Philippines, said that they were continually faced with this problem in respect of paragraph (c) of the NOL template and also paragraph (b), but without knowing the subproject/s (i.e. "The project as included in the funding proposal is in conformity with the national priorities, strategies and plans of [name of country]"). The Board member noted that every country had its own investment process and this created a timing problem vis-à-vis the NOL procedure. In their country's case, approval for the project had not yet been granted by the government's national economic and development authority, but the NDA was being pressured to sign the NOL. In this case, they had modified the NOL template, but this was not accepted by the Secretariat. The Board member wondered what was the purpose of the NOL? It seemed to them that it meant that the country, through its NDA, did not contest the implementation of the project. However, this did not necessarily mean endorsement. If the objective of the NOL was for countries to confirm endorsement of the project, then it should be called an endorsement letter.

225. The Co-Chair thanked the Board member for raising this matter and the issue of country ownership.

226. Another Board member said they fully agreed with the concerns raised about the NOL. It was clearly not in accordance with best practice, and this approach was not used by multilateral development banks (MDBs) for exactly the reasons cited by the Board member from Antigua and Barbuda. They would never sign a document which included paragraph (c) as this, in effect,

provided a free pass. The Board member noted that the real violation of law may emerge when the project was being implemented. They observed that the World Bank worked on the basis of objection letters. This meant that when problems arose, those impacted could take legal action. In relation to this, they sought clarification from the Secretariat as to who was covered by privileges and immunities. Their understanding was that they only applied to GCF staff, but the statement from the Board member from Antigua and Barbuda suggested that they also applied to AEs and projects.

227. Several other Board members concurred that the NOL needed to be revised. One wished to have confirmation from the Secretariat if the NOL determined country ownership. Were international access entities (IAEs) able to develop projects independently and then get approval via an NOL?

228. A second Board member agreed that NOLs were problematic particularly in relation to projects where these were evolving based on an overall concept, but implementation was as yet unclear. Their country had been asked to sign a blank cheque, which was unacceptable. While they did not see it as a serious problem, a way forward needed to be found. There should be an ability for an NDA and the government of the country to add a qualifier such that they reserved the right to come back on specifics once they were available.

229. A third Board member underlined that it was a key matter of principle that the procedure must primarily ensure that NDAs actively participated in the approval of projects. In no way should the NOL remove the active participation of the NDA.

230. While a review of the NOL process was supported by a fourth Board member, they also emphasized the continuing importance of country ownership and the engagement of the NDA. A further Board member said that consideration should be given as to how to modify the process, taking account of all the points raised during this discussion. They looked forward to further Board discussions. A final Board member said that it was good for the Board to understand the constraints and to consider how to amend the NOL process to make it more efficient but without making it any longer; it was already difficult enough for entities struggling to present projects.

Direct access

231. A number of Board members expressed concern about the continued absence of DAE projects despite this being highlighted as a priority at previous meetings. One noted that the DAE share of GCF funding in the overall portfolio was low at just 17 per cent. The Secretariat was embarking on actions to address this, which should be adequately reflected in the updated Strategic Plan for the GCF 2024–2027 (USP-2). A second Board member underlined the frequency with which this matter was raised, but the balance between IAEs and DAEs remained largely unchanged. As a consequence, they opined that what was needed was a new strategy for programming at scale for regional and national entities and DAEs. They wondered how much support provided by GCF was responding to the needs of MDBs and IAEs rather than developing countries. The Board member stated that the African Group of Board members believed that the Board should introduce a comprehensive programming approach that prioritized DAE funding proposals. While more specific points arising from the evaluation of direct access by the Independent Evaluation Unit (IEU) would be considered under a separate agenda item, the findings clearly demonstrated the challenges faced by DAEs in accessing GCF. The need for a new programming strategy focused on regional and national entities was echoed by another Board member to counteract the fact that the portfolio leaned towards large projects from MDBs. The current batch of funding proposals, where DAE projects were absent, further underlined the seriousness of this matter.

232. One of these Board members underlined the benefits of DAEs and the direct access modality to developing countries. These included (a) the funds were administered by the countries; (b) this raised climate change issues to the national level; (c) it amplified the voices of interested parties; and (d) it took advantage of local knowledge. In terms of policy solutions, they urged the adoption of a target to approve at least one direct access project per developing country noting, for example, that the funds to the Latin America and the Caribbean (LAC) region were insufficient to solve the environmental crisis and build resilience. Another emphasised the importance of IAEs working to transfer knowledge to DAEs. For one Board member, the issue was not increasing the number of DAEs, but rather increasing the capacity of DAEs to access GCF funds. They requested that the Secretariat continue to support DAEs in this regard. They also insisted that the findings and recommendations in the IEU evaluations on direct access on DAEs and least developed countries (LDCs) be reflected in USP-2 and the Readiness Programme strategy. Several Board members looked forward to further discussions under the agenda item 19 (b) on the IEU evaluation of direct access.

Independent Technical Advisory Panel

233. A Board member noted that the same DAE project had now not been endorsed by iTAP twice. The Board member expressed concern that iTAP was still using their interpretation of climate rationale to block projects despite the extensive engagement by the Board to provide Intergovernmental Panel on Climate Change-based evidence for climate impact potential. This project had been under preparation for two years and endorsed by the Secretariat twice. The Board needed to consider this seriously. For a second Board member, it was the degree of discretion which iTAP appeared to exercise when deciding not to endorse a project on something as ill-defined as climate rationale, which was the issue. While respecting iTAP's technical role as gatekeeper which provided a degree of security, they would continue to raise the issue of iTAP's discretion, particularly in respect of climate rationale.

234. Noting that one project had not been endorsed by iTAP in relation to climate rationale, a Board member expressed support to iTAP for fulfilling its mandate. There was guidance on this matter in order to have predictability and consistency in project approval processes. It was important that the climate impact potential of projects was addressed: GCF funds should flow accordingly. Another welcomed the disagreement between iTAP and the Secretariat on some issues as this was in line with the GCF business model. Echoing the importance of the role of iTAP, they noted that the guidance which had been provided was to clarify this for AEs and the Secretariat and to provide capacity-building for AEs. They requested an update on how this was progressing.

Adaptation/mitigation balance

235. A Board member recalled that over the years, the issue of support for adaptation in developing countries had been discussed. Despite this, the overwhelming volume of global climate funding – some USD 600 billion – went to mitigation. Given that GCF was set up to go where other funds did not, they opined that adaptation should be the focus of GCF's efforts. The statistics provided in relation to GCF adaptation funding were likely misleading as they focused on one major adaptation project. The Board member said that they were yet to see real private sector adaptation projects materializing. It was also important to continue to work on grant-based adaptation projects. If it had been them, they would not have settled for a 50:50 mitigation/adaptation balance.

236. A second Board member echoed this theme, noting the imbalance and gap between adaptation and mitigation funding. They hoped, as mentioned by the Executive Director, that

they would witness the achievement of a 50:50 balance in coming Board meetings. They stressed the importance of the private sector taking the lead on investment in adaptation projects in developing countries as a priority. In this regard, support to developing countries with the implementation of their nationally determined contributions, through both public and private sector participation, was important. A third Board member echoed the importance of the continued focus not just on direct access but also adaptation programmes. They noted in relation to the goal of 69 per cent of adaptation funding in the first replenishment period of the GCF (GCF-1) to LDCs, SIDS and African States it stood at 64 per cent. A fourth Board member noted that the share of adaptation in the overall portfolio was going in the right direction. In particular, they were encouraged to see the private sector adaptation project FP205, which addressed a number of vulnerable countries. While there were risks in some of these countries, GCF should be prepared to take on these risks. A fifth Board member noted that the biggest share in the pipeline was for non-grant, mitigation-related projects, and they would welcome more adaptation projects. While very much welcoming the strong adaptation funding share of the package and how this helped in terms of the overall balance between adaptation and mitigation, which they supported, for a sixth Board member it was also important to have dedicated mitigation projects. It was also necessary to consider the synergy of cross-cutting GCF projects that achieved a paradigm shift. They wished to see more progress on the latter and emphasized that this could also be discussed under the strategy development.

Portfolio composition

237. Noting that the GCF portfolio of approved projects was expected to abate a total of 2.5 gigatonnes of carbon dioxide equivalent in greenhouse gas emissions based on the estimations of AEs, which would result in 348.4 megatonnes of carbon dioxide equivalent (Mt CO_2 eq) per USD 1 billion invested in mitigation, a Board member wished to know if this meant that GCF was now achieving more results per dollar compared to the initial resource mobilization (IRM) period . If so, it would be useful in discussions on USP-2 targets to seek to raise the level of ambition.

Results areas

238. Several Board members commented on results areas. Noting that energy access and power generation received the largest funding amount, one of these opined that there was not a clear business case in many countries to continue supporting energy and that additionality was questionable in some cases. While recognizing that the share of energy was declining, they urged that more be done in results areas such as ecosystems and ecosystem services, low-emission transport, and health, well-being and food and water security. They noted with satisfaction that projects were no longer considered on a first-come, first-served basis. They asked the Secretariat to explain what steps were being taken to balance results areas. Another Board member was pleased to see the diversity of projects across a wide range of fields. Furthermore, it was good to see an integrated approach with synergies between mitigation and adaptation projects. However, given that there was only one private sector project, they encouraged the Secretariat to continue to strengthen the focus in the portfolio on the sector.

239. One Board member who supported the package of funding proposals presented noted that several projects were in the agriculture sector. Given that the projects were presented individually by the FAO, they wondered if a programmatic approach, such as that adopted by the World Bank for a diverse portfolio, would reduce transaction costs? Furthermore, agricultural projects were subject to volatility and variability and impacted by climate change. They requested information on what might be the sweet spot, within the broad agricultural sector, for funding by GCF?

240. The Co-Chairs invited the active observer for civil society organizations (CSOs) to take the floor.

Comments from the CSO network

241. As many Board members had stated, CSOs were also disappointed that all seven funding proposals being considered were from IAEs. If approved, this would reduce the percentage of the portfolio that was going to DAEs to a mere 17 per cent, which was far too low and demonstrated yet again the clear need to focus not only on accrediting but supporting DAEs to help them bring funding proposals to GCF.

242. To that end, they welcomed the inclusion of the section on activities to facilitate access for DAEs, including the suggestions to communicate in the working language of the DAE and offer technical assistance through the Readiness Programme. CSOs appreciated the first discussion of the revised Readiness Programme strategy and looked forward to providing further inputs. As the GCF discussed its new strategic plan, they supported the IEU's conclusions and recommendations for GCF to realign all its processes, tools, procedures and the business model to address the needs of different kinds of DAEs.

243. In looking at the package of funding proposals, CSOs were struck by the assumptions inherent in a couple of them, including that enabling access to markets (for example, to sell agricultural products) ensured that benefits would accrue to local populations. This trickle-down theory of benefits was unproven and the assumption could, in fact, negatively impact those that the projects were claiming to help, for example by creating a market that could lead to unsustainable practices. Instead, CSOs encouraged approaches such as the one presented by FP203 centred around community-level businesses and micro, small and medium-sized enterprises to ensure the project's long-term financial sustainability.

244. Several of the programmes seemed to have the misguided assumption that consultations with civil society, indigenous peoples, and local communities should only start once a subproject was known, instead of involving them at the earliest stage of development, the design stage, and continuing throughout the programme cycle. This was not only a right of local communities and indigenous peoples, but it also provided valuable inputs. To that end, CSOs encouraged the Board and Secretariat to consider requiring AEs to provide their funding proposals in local languages to address the significant language challenges for local communities to understand and engage in projects. FP203 provided an example of good practice on how early consultations could lead to agreements that centre communities' priorities and needs. Through free, prior and informed consent, indigenous communities, acting as subgrantees, could develop and implement their own activities. Correspondingly, even at a programme level, gender action plans must have ambitious overarching targets and a clear budget allocation and not defer those details to subproject-level gender action plans that may or may not be developed and were usually not shared with the public.

245. Picking up on the intervention by the Board member from Antigua and Barbuda related to NOLs, they noted the case of FP204, and local CSOs' objections to the submission of the NOL by Indonesia, and they highlighted that the concept of country ownership and its link to the no-objection process should be reconsidered. Not engaging a broader group of stakeholders, including CSOs, in a process resulting in the issuance of NOLs eroded legitimacy and buy-in of national stakeholders. The GCF should work with NDAs to create in-country coordinating mechanisms involving CSOs, representatives of potentially affected communities and the local private sector in the planning and assessment of projects and programmes before the NOL was issued.

246. On a related point, CSOs were once again seeing large programmes that would have numerous subprojects, which were not always disclosed to stakeholders, thus making it difficult to follow their implementation and to evaluate if the promised impacts were secured. Accountability was particularly difficult in cases where the engagement of the AE only covered the initial part of a long implementation period, such as in equity investments. Conditions attached that required the disclosure of subprojects to observers and the Board specifically through the GCF and on the GCF website in a timeframe consistent with the GCF's Information Disclosure Policy would allow for independent monitoring, including the participatory monitoring of those affected.

247. Finally, CSOs wished to reiterate the troubling lack of transparency initially encountered with FP205, emblematic of many large private sector programmes, and the challenges of understanding a funding proposal without key programme details as they did not have access to all of the annexes. They appreciated that the Africa Finance Corporation shared many of its annexes in response to their expressed concern and, as a matter of policy, GCF should take a lesson and routinely make available the majority of annexes to private sector funding proposals, as well as the Secretariat's evaluation of the proposals, in line with the practice for public sector projects. In practice, they had seen that many annexes containing vital programme information could be disclosed without compromising commercial confidentiality.

248. The Co-Chairs thanked the active observer and invited the Deputy Executive Director to provide responses.

249. The Deputy Executive Director, Mr. Gonzalez, expressed thanks for the feedback, which was important in continually identifying areas for improvement as a learning organization.

250. Turning to points raised, Mr. Gonzalez noted that the importance of achieving balance was very clearly heard by the Secretariat. When discussing the key performance indicators (KPIs) for mitigation and adaptation, it was important to note that two elements were involved. The KPI was on grant equivalency, and that was at 50:50. It would have been 51:49 had an extra adaptation project been submitted to the Board. Unfortunately, that was not cleared to come to the Board because of the AE's withdrawal.

251. In nominal terms, it was 60:40. There was a larger project for B.35, which possibly explained the increase from 35. However, there was an upward trend and there was substantial focus on both the public and private sector funding proposals to increase adaptation, not only through grants but through innovative instruments such as guarantees and equity, where there had been an increase. At the 1 March 2023 USP-2 workshop in Paris, trade-offs had been discussed. Meeting all the KPIs and meeting all the elements would inevitably create internal trade offs. It was hoped that USP-2 would clarify some of these issues.

252. With regard to the results areas, there was no clear guidance on the thresholds or capping one area or another. Energy was one area where there was greater maturity in the market and low-hanging fruit, but the sector also had other areas where there were significant gaps, such as energy access. The Secretariat would be working on a proposal for mobilizing capital through a co-investment platform to bring more access to energy.

253. While GCF may not have full ecosystem projects, there may be ecosystem-related components in other projects; dividing what was done by sector or results area was sometimes limiting because there were multiple sectors involved.

254. Regarding return per dollar invested, looking at the impact per USD 1 billion dollars, Mr. Gonzalez explained that it was trending upward in GCF-1 versus IRM. During IRM, the figure was 226 Mt CO_2 eq abated per USD 1 billion dollars, and the figure at the present time was 339 Mt CO_2 eq.

255. On the question of why there was an IAE concentration (i.e. why one IAE had so many funding proposals), it was important to remember that GCF had a commitment authority issue from B.34 and had to delay four projects that were already approved by iTAP and the Secretariat. One of these related to an NOL matter and three of them were because it had been necessary to prioritize DAEs versus IAEs. The situation at B.35 was therefore a legacy related to lack of commitment authority and the maturity of the pipeline in the earlier part of 2023.

256. It was important to acknowledge that in relation to country ownership, this was not just about NOLs. Country ownership was one of the investment criteria which both the Secretariat and iTAP assessed.

257. Regarding transportation, this was an area where the Secretariat was increasing the pipeline not only from public sector to private sector. There were currently 27 active transportation-focused projects: 10 from the public sector and 17 from the private sector. The volume of funding requested for transport in the pipeline was over USD 1.2 billion. At the present time, GCF’s approved transportation projects were close to USD 1 billion. This was an area where the Secretariat was seeing an increase.

258. Regarding Eastern Europe, Mr. Gonzalez acknowledged that this was indeed a region which was lagging with just 4 per cent of the total. The Secretariat was working with its AEs to increase this. There were 11 active projects in the pipeline, 3 at the funding proposal level and 8 at the concept note level, that were wholly or partially supporting Eastern Europe for over USD 500 million.[3]

259. Turning to the question of climate impact potential, the Secretariat climate impact team was rolling out training to countries and AEs, working with the wider climate science community, including the World Meteorological Organization, with a big focus on early warning systems. This included a regional training workshop for African DAEs in December 2022. The Secretariat was working closely with iTAP on the interpretation of decision B.33/12 in order to create coherent feedback for the proposals.

260. With regard to mitigation and adaptation, there were a number of cross-cutting projects, and the Board would see a project that was now coming back as a second version. The first version was fully mitigation and the second version had a higher adaptation dimension. There were important lessons the Secretariat was working to incorporate.

261. On the issue of country ownership and NOLs, this was part of the Board workplan. The country ownership policy would be coming to the Board for discussion. The NOL followed the B.08/10 decision, which was approved before any projects had been approved by the Board, and it was therefore opportune to revisit it.

262. Mr. Gonzalez clarified that if a programme was approved under category B, that programme could not bring a category A subproject because it was the programme and the accreditation fiduciary characteristic that would limit type of project. If a subproject was category A, that would be a major change and it would need to come to the Board for approval.

263. It was important to note that while there was an NOL template, the NOL procedure was driven by each country’s decision on how they provided the NOLs. There were certain countries where it was the responsibility of one ministry, while other countries had a collegial group of ministries that provided an opinion. Each country decided how they wished to use the process. The template was part of decision B.08/10 and it was necessary to follow the template as approved by the Board. This could be further addressed in the country ownership paper.

[3] Secretariat note: The volume of total GCF financing requested for the region was USD 419 million.

264. The Co-Chairs thanked Mr. Gonzalez and invited the General Counsel ad interim to respond to the query regarding privileges and immunities (P&Is).

265. The General Counsel ad interim, Joanne Brinkman, recalled paragraph 8 of the Governing Instrument namely that "the Fund will enjoy such privileges and immunities as are necessary for the fulfilment of its purposes. The officials of the Fund will similarly enjoy such privileges and immunities as are necessary for the independent exercise of their official functions in connection with the Fund."

266. P&Is had been granted by Antigua and Barbuda and 29 other countries, including the GCF host country, the Republic of Korea, to allow it to efficiently discharge its mandate. This type of immunity was termed functional immunity. P&Is were not transferrable and they were only granted as necessary to GCF to fulfil its remit. Entities, whether they be AEs, DAEs, international entities or executing entities, whether public or private, whether local or foreign, did not benefit from P&Is granted to GCF, and GCF was not in a position to transfer these. However, entities may have their own P&Is, but this was a separate matter and was unrelated to the existence of GCF and GCF's P&Is. GCF in turn did not benefit from P&Is of its AEs.

267. Ms. Brinkman quoted from paragraph 3 of the GCF P&Is template (see document GCF/B.10/12): "Privileges and immunities are granted to Officials in the interest of the Fund and not for the personal benefit of the individuals themselves. The Fund shall have the right and the duty to waive the immunity of any official in any case where, in the opinion of the Fund, the immunity would impede the course of justice and can be waived without prejudice to the interests of the Fund." Finally, Ms Brinkman noted that immunity was not impunity.

268. The Co-Chairs thanked the General Counsel ad interim and thanked Board members for their comments. They asked whether Board members had any direct questions for iTAP. Seeing none, they informed the Board that they would now continue with the consideration of individual funding proposals, beginning with FP199.

Funding proposal 199 titled "Public-Social-Private Partnerships for Ecologically Sound-Agriculture and Resilient Livelihood in Northern Tonle Sap Basin (PEARL)" by the Food and Agriculture Organization of the United Nations

269. The Co-Chairs opened FP199 as contained in document GCF/B.35/02/Add.01/Rev.01 and 10.

270. A representative of the Secretariat, Jerry Velasquez, Director of the Division of Mitigation and Adaptation, introduced the funding proposal.

271. The existing food and farming systems were under significant pressure from climate impacts in Cambodia. The Northern Tonle Sap Basin had experienced an annual temperature increase by 0.8 °C since 1950, while precipitation was showing a general decreasing trend, with a large inter-annual variability, particularly in the rainy season. The region was identified as one of the regions in the country most vulnerable to floods and droughts, which were expected to occur more frequently with increased intensity due to climate change. These anticipated climate change impacts would affect the key crops in the basin, mainly cashew, mango, rice and vegetables.

272. In response to these climate challenges, the project proposed to transform the current agricultural production and processing practices in the basin into climate-resilient, high-value and sustainable production. The project would achieve this objective through three interlinked outcomes, namely: (1) state-of-the-art technologies to provide crop-specific agrometeorological forecasting, warnings, and related farm management and market advisory services to improve local capacity to identify and respond to risks associated with weather and climatic conditions;

(2) market incentives; and (3) strengthening the necessary regulatory and institutional frameworks and capacities for climate-resilient agricultural certification, cross-sectoral coordination and smallholder financing, and climate-informed investment support.

273. The project would directly support 450,000 smallholder farmers and other actors involved in local value chains, reducing the number of food-insecure farmers by 60 per cent compared with the baseline, and restoring 7,600 hectares of tropical rainforests with improved ecosystems and ecosystem services.

274. The Co-Chairs thanked the Secretariat representative and informed the Board that the representatives of the accredited entity (AE) supporting the project, the Food and Agriculture Organization of the United Nations (FAO), were available in case of questions.

275. They drew the attention of the Board to annex I to document GCF/B.35/02/Add.01/Rev.01, and therein, paragraph (b) of the draft decision.

276. The Co-Chairs invited the Board to approve the decision, thereby approving the funding amount requested for FP199, subject to the specified terms and conditions.

277. They opened the floor for comments.

278. Several Board members took the floor to welcome the project. One stated that the Ministry of Agriculture, Forestry and Fisheries of Cambodia had informed them that, owing to the rocketing prices of synthetic fertilizer, the Government of Cambodia had converted many hectares to organic production. As organic farming involved carbon sequestration in soils, the project therefore also became one which addressed mitigation. They did not wish to see projects that crowded out mitigation.

279. A second Board member was pleased to learn of this development regarding organic fertilizers in Cambodia and hoped that this would be seen in other countries. Given the substantial volume of organic waste, it was important to take opportunities to produce organic fertilizer in a sustainable way. Turning to the project, which they said was a good one, they supported the conditions recommended by iTAP. They also urged engagement with civil society organizations (CSOs) in the project implementation.

280. A third Board member emphasized that the project would help increase Cambodia's food sovereignty and in building resilience to climate change. They were also pleased to see the role of women producers in the value chain and was complementary to another project supported by France with the European Union. However, they expressed concern at the non-existent co-financing from the project, especially given the title of the project. They had understood from written responses from the project manager prior to the Board meeting that this could come at a later stage. They requested further information on this.

281. The Co-Chairs invited an active observer for CSOs to take the floor.

282. The observer said that CSOs placed a high premium on the need to support and build the capacity of small household farmers against climate change and to promote sustainable livelihood and agricultural practices. However, this funding proposal not only failed to provide the proper means to achieve its declared objectives but also encouraged destructive practices against smallholder farmers and the most vulnerable communities.

283. They echoed the comments of iTAP that setting up farmers to access international markets only made the agricultural practices carbon-intensive and unsustainable, with many of the benefits captured by intermediaries and business firms with producers on the ground finding such benefits difficult to access. These practices also reduced support for domestic food production.

284. Furthermore, market certification and eligibility criteria for produce to access markets, which would be established as part of Cambodia's overall agricultural framework, disenfranchised farmers who did not have sufficient capacity to comply. They reiterated the comments of iTAP that the capacity-building that the funding proposal proposed was not effective, as it would not lead to smallholder farmers being able to comply with the market certification to ensure their produce was eligible for export opportunities. This set up smallholder farmers to fail and favoured big and corporatized agriculture. Furthermore, CSOs agreed with iTAP that market-oriented approaches, especially those that led towards export-oriented practices, only increased carbon emissions in the long run. Aside from being destructive, an orientation towards exports and market-based approaches only disenfranchised local communities and created a greater likelihood of food insecurity – an issue already being faced by smallholder farmers and the Cambodian population.

285. Although FAO clarified its stakeholder consultation process in this funding proposal when CSOs had met with them, CSOs had done diligent outreach to farmers, communities, indigenous peoples and groups within the area, and these communities had not yet heard of the project nor been consulted. The inadequate stakeholder consultation list, the inadequate results management framework, and the proposed governance structure, namely the steering committee composition presented in the funding proposal, were evidence that inclusive and meaningful engagement of the smallholder farmers, women, communities, and indigenous peoples was lacking. This overall scenario disregarded the principle that adaptation projects must be locally led and based on indigenous science, knowledge, and practices. Undermining indigenous peoples' knowledge and innovation in projects involving building resilient agriculture and livelihood was a huge, missed opportunity.

286. Moreover, the FAO stated during the meeting with CSOs that the project did not pose risks to the indigenous people's customary practices, food system, food sovereignty, land tenure, and ways of life. CSOs believed that these assurances were not yet sufficiently reflected in project activities to ensure that they did not lead to community conflicts, breakdown of social ties, or violation of human rights. For this to happen, projected activities and project components in the funding proposal must be better aligned with the Gender Policy and Indigenous Peoples Policy, which, at the moment, were only superficially referenced.

287. Having communicated the FAO's feedback to the community, they remained firmly opposed to the project.

288. Given these grave reasons, CSOs strongly urged the Board not to approve this project.

289. The Co-Chairs thanked the active observer and invited a representative of the AE (FAO) to take the floor.

290. The representative stated that the project outlined a number of mechanisms of transformation towards a climate resilient Northern Tonle Sap Basin region. One of these was access to business information and improved business practices and as part of that, they had consulted with a number of groups to facilitate improved partnerships with the private sector, including providers of finance and other risk management services such as insurance. Those potential partnerships were highlighted in the project document, and as the project moved towards implementation, further details on those partnerships would be provided. FAO had consulted with private sector groups, CSOs and indigenous peoples ahead of the Board meeting on the process towards implementation. They would be encouraging strong engagement of those groups to ensure successful implementation of the project.

291. The Co-Chairs thanked the representative and again invited the Board to approve the project.

292. Seeing no further comments and no objections, FP199 was approved for the amount of funding requested.

Funding proposal 200 titled "Scaling up the implementation of the Lao PDR Emission Reductions Programme through improved governance and sustainable forest landscape management (Project 2)" by the Deutsche Gesellschaft für Internationale Zusammenarbeit (GIZ)

293. The Co-Chairs opened FP200 as contained in document GCF/B.35/02/Add.02/Rev.01 and 10.

294. A representative of the Secretariat, Jerry Velasquez, Director of the Division of Mitigation and Adaptation, introduced the funding proposal.

295. The forest cover in the Lao People's Democratic Republic today accounted for 58 per cent of the country's surface area, significantly lower than the 70 per cent forest cover of the mid-1960s. In the past 15 years, net forest loss had amounted to approximately 680,000 hectares. In response, the Government of the Lao People's Democratic Republic had introduced bold policies and reforms, including ambitious nationally determined contribution targets of maintaining 70 per cent forest cover, a national REDD+ strategy, a timber export ban, and a new forest law. This proposal was complementary and additional to the existing project – FP117 – "Implementation of the Lao PDR Emission Reductions Programme through improved governance and sustainable forest landscape management".

296. The project aimed to address the decades of forest loss. Building on and coordinating with complementary initiatives, the Lao People's Democratic Republic leveraged GCF funding to further remove investment, policy, and financing barriers to create a sustainable environment for deforestation-free development, integrated with adaptation principles.

297. To support the transition to sustainable and climate-resilient management of forests and landscapes at scale, the proposal aims to first scale up climate-informed participatory land-use planning, strengthen land tenure security, improve forest law enforcement and ensure access to sustainable financing; second, it addressed key drivers of deforestation and degradation within the agricultural sector through reducing the expansion of agricultural activities into forested landscapes, and promoted climate-resilient agricultural practices that increased the resilience of local farmers and agroecosystems; and third, it strengthened community resilience through sustainable forest landscape management and the promotion of forest landscape restoration, with a focus on village and conservation forests.

298. Financial sustainability would be realized through the mobilized substantial additional funding from the Forest Carbon Partnership Facility Carbon Fund with the World Bank and other co-financing from supporting institutions. The project was expected to facilitate replication and upscaling as well as the broader distribution of REDD+ finance.

299. The Co-Chairs thanked the Secretariat representative and informed the Board that the representatives of the accredited entity (AE) supporting the project, GIZ, were available in case of questions.

300. They drew the attention of the Board to annex I to document GCF/B.35/02/Add.02/Rev.01, and therein, paragraph (c) of the draft decision.

301. The Co-Chairs invited the Board to approve the decision, thereby approving the funding amount requested for FP200, subject to the specified terms and conditions.

302. They opened the floor for comments.

303. An active observer for civil society organizations (CSOs) said that they were concerned that the proposal was based on the assumption that agroforestry, including agricultural practices of the ethnic minorities of shifting cultivation, was a key driver of deforestation, and therefore incentivized stopping these agricultural practices. CSOs had previously raised this concern at B.24 with regard to FP117; FP200 was the second part of this.

304. FP200 aimed at promoting sustainable and deforestation-free agricultural practices and value chains (PSAP); and scaling up investments in climate-resilient and deforestation-free agriculture and forestry practices, climate smart agriculture and market solutions. The communities and local CSOs in the Lao People's Democratic Republic that active observers had talked to had not been consulted by the AE about the project and were opposing it due to the following concerns:

(1) There were no proven results or outcomes of this PSAP approach, which the AE had claimed as successful in FP117, and it had not benefited the primary producers (e.g. farmers, women, communities and those living around the forested areas who had been practising traditional varieties of crops);

(2) The introduction of climate-smart agriculture seemed to be top-down. There had been no process to enhance knowledge and understanding on the negative and positive impacts and implications of climate-smart agriculture in an inclusive and meaningful way to ensure that farmers, women farmers, members in the communities and those living in the forests, or primary producers were able to make their own decisions about its value;

(3) The traditional agricultural practices and farming techniques were excluded by the funding proposal as these were claimed to be an "unsustainable management of resources and forests." However, in fact, they were not. The 'white list' that the funding proposal would introduce might negatively affect the traditional livelihoods of farmers; and

(4) In rural communities, such as in the project sites, many of the households were female-headed households and the role of women was very critical in both the farm and in the household. However, due to family, social and political barriers, their role outside the households was very limited or non-existent when it came to participation in decision-making. This funding proposal emphasized the role of female-headed families but did not address the root cause and systemic barriers that hindered the effective engagement of women in the public discussions and decision-making.

305. It was the view of CSOs that the Board should not approve this FP200 in its current form without substantial changes to the narrative in response to these concerns from the communities.

306. The Co-Chairs thanked the active observer and again asked the Board to approve the project.

307. Seeing no further comments or objections, FP200 was approved for the amount of funding requested.

Funding proposal 201 titled "Adapting Philippine Agriculture to Climate Change (APA)" by the Food and Agriculture Organization of the United Nations

308. The Co-Chairs opened FP201 as contained in document GCF/B.35/02/Add.03/Rev.01 and 10.

309. A representative of the Secretariat, Jerry Velasquez, Director of the Division of Mitigation and Adaptation, introduced the funding proposal.

310. The Philippines was one of the most vulnerable countries to the impacts of climate change in the world. It was ranked the fourth most affected country on the Long-Term Climate Risk Index (Germanwatch, 2021) over the last two decades. The country was exposed to increasingly more frequent and more catastrophic extreme weather events, such as tropical cyclones, droughts, floods, and irregular precipitation (Philippine Atmospheric, Geophysical and Astronomical Services Administration, 2011). Most areas of the country, and over 70 percent of the population, were at risk and vulnerable to climate disasters. As a result, rural and agricultural systems were becoming more exposed to climate risks, with increasing losses and damage associated with extreme weather events.

311. This meant that agricultural production in the Philippines must shift from its baseline state, characterized by extreme vulnerability to losses and damages from extreme weather events, and from the low adaptive capacity of highly exposed farmers. This should then allow stakeholders to understand and monitor short-term and long-term climate risks and engage in a continuous process of managing these evolving risks.

312. To address these challenges, the project proposed to increase the resilience of the rural population in areas who were both vulnerable to climate change and depended on agriculture for their livelihoods, while at the same time transforming the country's agricultural system toward climate resilience. This would be achieved through improved farmers' capacity to develop climate-resilient agriculture enterprises and adopt financially and economically viable climate-resilient agriculture practices. This would also be achieved by increasing the government and private sector's capacity to build and improve supporting systems.

313. The project would build on the Adaptation and Mitigation Initiative in Agriculture of the Philippines. It would provide a systematic approach to climate change adaptation for the long-term implementation of the National Agriculture and Fisheries Modernization and Industrialization Plan in the country while supporting the integration of agriculture into the national adaptation plan.

314. The Co-Chairs thanked the Secretariat representative and informed the Board that the representatives of the accredited entity supporting the project, Food and Agriculture Organization of the United Nations, were available in case of questions.

315. They drew the attention of the Board to annex I to document GCF/B.35/02/Add.03/Rev.01, and therein, paragraph (d) of the draft decision.

316. The Co-Chairs invited the Board to approve the decision, thereby approving the funding amount requested for FP201, subject to the specified terms and conditions.

317. They opened the floor for comments.

318. There being none, FP201 was approved for the amount of funding requested.

Funding proposal 202 titled "Upscaling Ecosystem Based Climate Resilience of Vulnerable Rural Communities in the Valles Macro-region of the Plurinational State of Bolivia (RECEM-Valles)" by the Food and Agriculture Organization of the United Nations

319. The Co-Chairs opened FP202 as contained in document GCF/B.35/02/Add.04 and 10.

320. A representative of the Secretariat, Jerry Velasquez, Director of the Division of Mitigation and Adaptation, introduced the funding proposal.

321. If approved by the Board, this would be the first project for the Plurinational State of Bolivia. The Los Valles Macro-region of the Plurinational State of Bolivia faced increases in temperature and precipitation variability. The region in the Andes had experienced an increased frequency and intensity of frost and hail events. The vulnerability of water systems and the agricultural sectors to climate change impacts was high, indicating that the crop and livestock sectors would be among the most affected, facing significant productivity and economic losses. Smallholder farmers were particularly vulnerable as their current crop yields were already very low. Poor land management and unsustainable land-use change exacerbated these impacts.

322. To respond to these challenges, the project would enhance the resilience of livelihoods of smallholder farmers, ecosystems, infrastructure, and food security in the Valles Macro-region of Bolivia. This would be achieved by implementing integral and participatory micro-watershed management that included the improvement of small-scale farmers' capacities to manage their agroecosystems sustainably and on-farm climate-proofing of irrigation systems. It would also include the strengthening of the corresponding governance, financial and institutional capacities at local level to support climate risk management by smallholder farmers and their communities.

323. By strengthening food and income security in a changing climate through climate-resilient agricultural systems, the project targeted an increase in productivity in at least 23,400 hectares of agroecosystems in the region. In addition, 17,510 hectares of micro-watersheds would be conserved, and 1.3 million hectares of forests and forest land would be restored.

324. The Co-Chairs thanked the Secretariat representative and informed the Board that the representatives of the accredited entity (AE) supporting the project, Food and Agriculture Organization of the United Nations (FAO), were available in case of questions.

325. They drew the attention of the Board to annex I to document GCF/B.35/02/Add.04, and therein, paragraph (e) of the draft decision.

326. The Co-Chairs invited the Board to approve the decision, thereby approving the funding amount requested for FP202, subject to the specified terms and conditions.

327. They opened the floor for comments.

328. Several Board members took the floor to welcome the project and highlighted several aspects including that: (a) it scaled up previous projects aimed at vulnerable people in rural areas; (b) it was comprehensive and enhanced a participative approach and local governance; (c) it targeted adaptation in several key results areas, including vulnerable populations and indigenous peoples; (d) it had a sound gender analysis and aimed to remove barriers to women in decision-making and to support the growing role of women in production; (e) it provided for the adoption and mainstreaming of innovative financial mechanisms; (f) it was important that vulnerable communities gained experience and confidence in using such products; (g) it involved a systemic approach which changed the paradigm towards a transformative production system; (h) it involved the use of grants, which was justified in this case; (i) the financial institution learning-by-doing approach on climate-smart agrofinancing would enable the development of more climate finance tools; (j) it was important for the Latin America and the Caribbean (LAC) region to have projects such as this, which would enable countries to develop; (k) people would benefit not only economically but also socially and environmentally; and (l) it was in line with the objectives of GCF as it changed the current paradigm, in which agricultural practices degraded ecosystems, towards a paradigm of adaptation practices which enhanced climate resilience and allowed for the restoration of ecosystems.

329. One Board member underlined that this was the first project for the Plurinational State of Bolivia, and as such was also important for the whole region. A second encouraged the FAO to do even more, if possible, to broaden participation beyond the current targeted enterprises and smallholder farmers with experience in certified biological products, but also be open to creation of new associations of farmers to further attract local private sector.

330. The civil society organization (CSO) active observer said that they welcomed this funding proposal for an adaptation project that mostly benefited small-scale farmers and was designed with a strong ownership component through a bottom-up approach, including communities, indigenous people (using free, prior and informed consent) and local governments and municipalities.

331. It also integrated the sustainable use of natural resources and ecosystem restoration, with agroecology and agroforestry techniques, considering indigenous knowledge.

332. They also appreciated FAO taking the time to meet CSOs to respond to doubts and concerns.

333. In particular, they appreciated FAO's assurances that they would address CSO concerns about the lack of monitoring of water quality affected by mining activities and pesticides by working jointly with local irrigation committees, departmental irrigation services, and potentially with universities during the project inception phase to ensure no polluted water was used for irrigation purposes.

334. They agreed with the concerns of the Secretariat and some Board members regarding the lack of an early conflict assessment carried out during the design of the project. They welcomed FAO's assurance that such assessment would take place during the inception phase, including taking on board CSO suggestions to look for conflict risks beyond the ones identified by the United Nations Department of Safety and Security in the country, and consulting local information sources and platforms, such as the Environmental Justice Atlas or the Observatory of Mining Conflicts in Latin America.

335. Finally, CSOs looked forward to following up on FAO's promise to aim at more ambitious gender participation targets in the Gender Action Plan (GAP) (currently set at 30 per cent) and would include incremental targets and push forward specific actions related to securing decision-making spaces and access to credit for women as part of the inception phase of the project, which also includes the revision of the GAP.

336. An active observer for private sector organizations (PSOs) noted that this project, like projects FP199, FP200 and FP201 presented by the AE FAO and the Deutsche Gesellschaft für Internationale Zusammenarbeit (GIZ), were very similar in nature inasmuch as they represented the potential of the replicability of concepts, with the necessary adjustments to the local context, and assisted local private sector engagement and development.

337. The project expected to generate new technical knowledge for small farmers, helped them to increase their productivity and wealth, as well as train and organize farmers and local stakeholders and provide a structure to access financing for further local development.

338. PSOs appreciated the fact that the programme planned to combine financing with insurance schemes, allowing the farmers to securitize loans based on their crop receivables, rather than critical assets such as house, equipment or land that could put the longevity of their activities at risk.

339. These proposals were classified as public projects and would be executed by public entities. However, what was encouraging for PSOs was that they foresaw a great potential for engagement and partnerships with local private sector institutions to expand and scale such

a programme. This would enable GCF to leverage many times over each dollar invested in these programmes. The Intergovernmental Panel on Climate Change and many publications had already indicated the need to deploy private capital in order to solve the decarbonization challenge ahead.

340. They were pleased to see initiatives such as these ones that used grants and public capital smartly in the design and execution of blended finance solutions that would support and encourage the development of the local private sector activities in developing countries.

341. The Co-Chairs thanked the active observers and invited the Board to approve the project.

342. Seeing no further comments and no objections, FP202 was approved for the amount of funding requested.

Funding proposal 203 titled "Heritage Colombia (HECO): Maximizing the Contributions of Sustainably Managed Landscapes in Colombia for Achievement of Climate Goals" by World Wildlife Fund

343. The Co-Chairs opened FP203 as contained in document GCF/B.35/02/Add.05 and 10.

344. A representative of the Secretariat, Jerry Velasquez, Director of the Division of Mitigation and Adaptation, introduced the funding proposal.

345. Observed trends and future projections in climate showed increasing temperatures and greater variability in precipitation patterns across Colombia, which were leading to an increased incidence of droughts, flooding, landslides, and fires. Water provisioning and regulation were critically impacted by climate change. Almost 50 per cent of the urban population was vulnerable to water scarcity, and this proportion could increase up to 80 per cent during dry years. Rural communities and the agricultural sector were heavily reliant on ecosystem services and especially vulnerable to changes in climate.

346. To address these challenges, the project proposed to secure financial sustainability for large-scale landscape management in key geographical areas of the country by blending public financing sources with private philanthropic funding, combining conservation with climate mitigation and adaptation.

347. The proposed project would focus on four landscapes representative of the diversity of Colombia's ecosystems, ranging from the Heart of the Amazon to mixed Caribbean landscapes, totalling 6.6 million hectares or 5.8 per cent of the country's surface area.

348. The project aimed to enhance the conservation of major protected areas while supporting the diversification of sustainable livelihoods in buffer zones to ensure that some of Colombia's highest conservation value ecosystems continued to deliver crucial services such as climate mitigation, improving resilience, and securing drinking water for nearby towns and cities.

349. The project targeted over 300,000 direct beneficiaries and 16 million indirect beneficiaries while reducing 46.3 million tonnes of carbon dioxide equivalent over the project's 30-year lifespan.

350. The proposed project also deployed the Project Finance for Permanence approach in Colombia for the first time. This approach, aimed at providing a basket of financing flows for large-scale conservation over the long term, would ensure that the four landscapes covered by this project were adequately financed beyond project completion, notably thanks to the

Government of Colombia's allocation of part of the national carbon tax revenue to protecting the Heritage Colombia landscapes in perpetuity.

351. The Co-Chairs thanked the Secretariat representative and informed the Board that the representatives of the accredited entity supporting the project, Food and Agriculture Organization of the United Nations, were available in case of questions.

352. They drew the attention of the Board to annex I to document GCF/B.35/02/Add.05, and therein, paragraph (f) of the draft decision.

353. The Co-Chairs invited the Board to approve the decision, thereby approving the funding amount requested for FP203, subject to the specified terms and conditions.

354. They opened the floor for comments.

355. Several Board members took the floor to welcome the project. One of these from the Latin America and the Caribbean region stated that the region was very happy to see this kind of proposal and extended "*felicitaciones a Colombia*" to those colleagues following the meeting via webcast. Another Board member from the region noted that this was part of a long-term national umbrella programme to secure climate benefits for more than 32 million hectares. It did this by increasing coverage in key vulnerable forested areas and implementing effective low-emission and climate management strategies and governance of Colombia's national system of protected areas. Improved land-use management and nature-based solutions were central to the country's strategy for achieving low-carbon and climate-resilient development and as such recognized climate change in Colombia's economic development and climate change policies and plans. The initiative would contribute to achieving nationally determined contributions (NDCs) by making progress against specific targets on mitigation and adaptation and contribute to the implementation of the recently adopted Kunming-Montréal Global Biodiversity Framework facilitating a significant advance towards Colombia's 30x30 objectives.

356. A third Board member welcomed the cross-cutting nature of the project, which connected mitigation and adaptation and harnessed the benefits of both strategies. They were pleased it was aligned with Colombia's national and international priorities, strengthened the connection between climate and nature and supported implementation of NDCs' commitments and the post-2020 Global Biodiversity Framework. This type of initiative would accelerate the mobilization of public and private resources and reinforce adaptive capacities.

357. Another Board member welcomed the project, which was well aligned with the strategy of the new Colombian Government and complemented existing initiatives. They welcomed the innovative mechanism using a carbon tax to draw finance from the private sector into the landscape-based bankable projects. This measure was key to ensuring the long-term sustainability of the project, especially with regard to component 1 on governance, which relied on existing structures in the territories rather than seeking to creating new spaces. They proposed the inclusion of a productive development strategy that encouraged landscape conservation.

358. A final Board member expressed strong support for this project which combined mitigation and adaption. It also had significant country ownership as the government provided most of the funds.

359. The active observer for civil society organizations (CSOs) said that they welcomed FP203, which proposed to improve the management of national protected areas in Colombia for the purpose of achieving climate goals. They appreciated the focus on protected areas, which were at the same time important carbon sinks and extreme event buffers, and specially highlighted four aspects of the proposal:

(1) The project proposal responded to the specific challenges regarding the governance of protected areas in Colombia, with a special focus on national climate goals, particularly in relation to reducing emissions from deforestation;

(2) The participatory nature of the project actively incorporated local communities, indigenous and ethnic groups and women in the design of the project and sought to do so throughout its implementation. Indigenous Peoples and ethnic communities would act as "sub-grantees", implementing activities according to their own needs and priorities. CSOs welcomed that the Gender Action Plan addressed intersectionalities and women were seen not only as beneficiaries and participants, but also as leaders and decision-makers;

(3) While the fact that the project appeared to be highly reliant on the private sector's continuous support was a cause for concern, they appreciated the establishment of clear criteria to decide on the subprojects which prioritized community-level enterprises and small and medium-sized enterprises behind ecotourism, agroforestry and production of coffee, cacao, tropical fruits, etc.; and

(4) CSOs also appreciated the proposal's human rights-oriented safeguards and, in particular, their detailed assessment of the risks related to illegal crops and the presence of armed groups, as well as the potential for threats to human rights and environmental defenders.

360. The Co-Chairs thanked the active observer and invited the Board to approve the project.

361. Seeing no further comments and no objections, FP203 was approved for the amount of funding requested.

Funding proposal 204 titled "Sustainable Renewables Risk Mitigation Initiative (SRMI) Facility (Phase 2 Resilience focus) [SRMI-Resilience]" by the World Bank

362. The Co-Chairs opened FP204 as contained in document GCF/B.35/02/Add.06 and 10.

363. A representative of the Secretariat, Jerry Velasquez, Director of the Division of Mitigation and Adaptation, introduced the funding proposal.

364. This programme was a subsequent phase of FP163 by the World Bank, which the Board had previously approved and which was already under implementation. This proposal expanded the original programme to cover an additional nine countries that were greatly impacted by climate change.

365. Variable renewable energy such as solar and wind in developing countries would require investments amounting to USD 150 billion in capital expenditure annually until 2025 in order to meet the global goals of mitigation and universal access, as agreed in the Paris Agreement.

366. Large amounts of private finance would have to be unlocked to complement the limited public funding available. Even with falling technology prices, the pace of investments was not on track.

367. The situation was exacerbated by limited generation and transmission planning capacity, a lack of adequate independent power producer regulatory frameworks, limited financial viability, and grid integration challenges to support uptake of more renewables.

368. This facility would respond to the above challenges by making critical public investment in solar and wind parks as well as grid upgrades to enable the integration of renewables. GCF would provide both policy and financial de-risking support to the programme.

369. The policy de-risking sought to remove barriers of the limited regulatory, structural and technical capacities that were the root cause of investment risks in the covered countries.

370. Through financing de-risking, GCF provided concessional loans to reduce the investment cost, guarantees to mitigate demand and repayment risk, and reimbursable grants for foreign exchange liquidity support.

371. The facility also supported evidence-based renewable energy targets through least-cost power generation, transmission and distribution planning, and through maintaining robust procurement processes.

372. The Co-Chairs thanked the Secretariat representative and informed the Board that the representatives of the accredited entity (AE) supporting the project, the World Bank, were available in case of questions.

373. They drew the attention of the Board to annex I to document GCF/B.35/02/Add.06, and therein, paragraph (g) of the draft decision.

374. The Co-Chairs invited the Board to approve the decision, thereby approving the funding amount requested for FP204, subject to the specified terms and conditions.

375. They opened the floor for comments.

376. Co-Chair Nauman Bashir Bhatti took the floor to request that the Secretariat use United Nations maps. The current map shown in the funding proposal was not accurate and did not reflect what was shown in United Nations maps. The geographical boundaries and territorial boundaries needed to be properly reflected, and it was noted that this had happened on a previous occasion where the same request had been made. They asked the Secretariat to make a statement on record that this would be rectified on all documents related to this funding proposal and any other funding proposals where this error existed.

377. The representative of the Secretariat, Mr. Velasquez, Director of the Division of Mitigation and Adaptation, expressed apologies for the error and confirmed that the map would be corrected.

378. The Board member from the United States of America stated that, in light of the United States policy for certain development projects involving countries that engaged in a pattern of gross violations of internationally recognized human rights, they absented themselves from consensus on the project from Ethiopia. They wished to have their remarks recorded in the report of the meeting.

379. The Co-Chairs confirmed that these remarks would be so reflected.

380. Two Board members took the floor to support the project. The first noting the well-designed, cross-cutting relevance in targeting vulnerable communities and the improvement of relevant energy infrastructures. It supported low-emission development pathways in the context of steering the country’s recovery aligned with ambitious nationally determined contributions. The financial structure, with a mix of grants and loans, was fit-for-purpose and addressed specific types of risk to achieving programme objectives. The Board member appreciated the high level of co-financing through loans by the AE and high potential private sector leveraging, which represented best practice for GCF in enhancing its catalytic role for the private sector. There was also high potential for replicability, which was good news for the business model of the second replenishment period of the GCF.

381. The second Board member supported the funding proposal with its focus on renewable energy integration, resilience and its objective to mobilize the private sector at scale. They considered that the proposal was missing a discussion of the World Bank’s cascade approach

and its complementarity with the International Finance Corporation and the Multilateral Investment Guarantee Agency. They appreciated the details on complementarities with other programmes and partnerships and welcomed the establishment of a collaborative multistakeholder group. The Board member reiterated their concern about forced labour allegations in solar supply chains and called for measures to mitigate these risks in GCF proposals with a strong solar component like the sustainable renewables risk mitigation initiative. They welcomed confirmation from the AE that the World Bank roadmap on the issue would apply, including contractual obligations against forced labour. They were happy to see that Somalia was involved as it had hardly benefited from GCF support. In this context they would welcome guidance on fragile states as had been discussed on the previous day. They also welcomed the financial and technical support to Tunisia to achieve its goal of 30 per cent renewable energy.

382. The Co-Chairs asked whether the Board member wished for the AE to respond.

383. The Board member affirmed that they were not seeking a response.

384. The active observer for civil society organizations (CSOs) said they had a number of concerns with this renewable energy infrastructure programme focused on public–private partnerships in nine countries. In particular, they were concerned about the underlying assumptions of the private sector investments to be achieved and the related emissions reductions claimed, as well as the integrity of those emissions.

385. These claims were premised on the assumption that the public loans funding the solar and wind infrastructure would result in an additional USD 1.8 billion of private sector investments, which were totally outside the scope of the funded programme. The claimed emission avoidance was the best-case scenario outcome, but far from certain, with no minimum guarantee provided. They therefore requested a stipulation in the funded activity agreement (FAA) for the emissions reductions to be achieved by year 12, when the World Bank's involvement ended, to ensure that the programme was on track. At the same time, the proposal failed to account for the carbon emissions resulting from building the infrastructure, which was within the scope of the programme.

386. They welcomed the fact that the World Bank clarified that executing entities would be prohibited from claiming carbon offset credits from greenhouse gas emission reductions attributable to GCF support and urged that a related provision be codified in the FAA.

387. The programme, including all subprojects, was categorized A because of the likelihood of land acquisition with related (including involuntary) resettlement of indigenous peoples and local communities. Despite World Bank assurances, CSOs were not convinced that the promise to consult indigenous peoples according to World Bank safeguards was substantially equivalent to seeking the free, prior and informed consent (FPIC) of indigenous peoples and therefore demanded that the AE used the GCF Indigenous Peoples Policy as the standard in ensuring FPIC was obtained. It was not possible to consent to involuntary resettlement.

388. Additionally, given the high risk of the proposed subprojects, CSOs requested that the Board stipulate that the World Bank disclose environmental and social safeguards information for the subprojects 120 days prior to decisions being made on them to active observers and the Board via the Secretariat and that the relevant links be posted on the programme's GCF webpage.

389. The proposed programme-level gender action plan was very rudimentary and needed to be strengthened with concrete targets and timelines before the first financing tranche was released. If approved, all subproject-specific gender action plans must be disclosed on the programme's GCF webpage.

390. Lastly, they reiterated that the issuance of a letter of no-objection in a host country for this programme's subprojects must follow a participatory and consultative process in line with country ownership principles. At least in the case of Indonesia, as one of the participating countries, civil society groups had already expressed their objections to the inclusion of Indonesia in this programme in a public letter. At the same time, it was also imperative that the risk mitigation component in this programme covered both the public sector and private sector engagement in order to protect governments from the risk of indebting themselves further by taking climate action.

391. A further Board member urged that AEs and the Secretariat should be more cautious when using maps.

392. The Co-Chairs invited the Board to approve the funding proposal.

393. There being no further comments and no objections, FP204 was approved for the amount of funding requested.

Funding proposal 205 titled "Infrastructure Climate Resilient Fund" by the Africa Finance Corporation

394. The Co-Chairs opened FP205 as contained in document GCF/B.35/02/Add.08/Rev.01.

395. A representative of the Secretariat, Kavita Sinha, the Director of the Division of the Private Sector Facility, introduced the funding proposal.

396. The proposal had been submitted to GCF by Africa Finance Corporation (AFC), an international accredited entity (AE) which was majority African country-owned. This was an adaptation proposal covering 19 countries in sub-Saharan Africa, of which 10 were least developed countries (LDCs).

397. Climate change presented significant and varying adverse consequences on infrastructure assets. Projected changes in climate parameters, such as temperature, precipitation and flooding, would have significant adverse effects on built and, most critically, yet-to-be-built infrastructure in Africa. These effects would further exacerbate challenges in the provision of essential support and services in the targeted African countries during climate disasters and act as barriers for sustainable development. Therefore, there was a strong need to promote the development of low-emission, climate-resilient infrastructure in Africa.

398. The Infrastructure Climate Resilient Fund (ICRF) being proposed by the AE was designed to address the upfront market barriers and support the long-term viability of climate-resilient infrastructure as a new investable asset class. The ICRF would address and incorporate improved climate risk assessments and adaptation solutions for climate-resilient infrastructure as well as create knowledge for other market players.

399. To address the investment challenges, ICRF was designed as a blended finance equity fund structure that accommodated different risk-return profiles of investors being targeted to enable the development of climate-resilient infrastructure in transport and logistics, power, economic zones, telecommunication and digital infrastructure.

400. Should the funding proposal be approved by the Board, GCF would contribute a USD 240 million investment as anchor investor in junior equity in ICRF, which would catalyse USD 460 million from African pension funds and other private investors, while AFC would contribute USD 50 million. This adds up to USD 750 million, which would lead to an overall investment of approximately USD 2 billion at a subproject level. In addition, GCF would provide USD 13.755 million as grants for climate risk assessments and support for the strengthening of

the regulatory framework, and promote the mainstreaming of innovative climate risk parametric insurance.

401. The subprojects financed by ICRF would directly benefit approximately 50 million people and indirectly benefit 144 million people over the life of the project with reliable, low-emission, climate-resilient infrastructure services, thereby enhancing the overall adaptive capacity and resilience of the population.

402. The Co-Chairs thanked the Secretariat representative and informed the Board that the representatives of the AE supporting the project, AFC, were available in case of questions.

403. They drew the attention of the Board to annex I to document GCF/B.35/02/Add.08/Rev.01, and therein, paragraph (h) of the draft decision.

404. The Co-Chairs invited the Board to approve the decision, thereby approving the funding amount requested for FP205, subject to the specified terms and conditions.

405. They opened the floor for comments.

406. Board members who took the floor expressed support for the project, highlighting the importance of climate-resilient infrastructure in Africa given the continent's rapid urbanization and pace of construction. As one Board member noted, it also tackled a clear priority for investment in adaptation expressed by African governments in their nationally determined contributions. For another, the project, with its "buy-in" from African pension funds, made an excellent case for creating a new asset class of climate-resilient and low-carbon infrastructure. A third Board member commended the AE for proactively taking into account and addressing climate risk and realities by financing vital infrastructure in Africa. It demonstrated a ground-breaking approach by supporting financial, regulatory and technical assistance models on the continent. It would ensure that infrastructure would recover more quickly from the consequences of a climate disaster or continue functioning despite increasing climate impacts. The fact that the AE was a regional entity was also noted by another Board member in respect of country ownership.

407. Another Board member emphasised GCF's capacity to play a catalytic role in mobilizing innovative sources of finance which were fit-for-purpose by deploying the full suite of GCF financial instruments and blending them. For them, the project demonstrated the potential game-changing effect of the project, which would introduce innovative management tools in Africa to manage the risks of extreme climate events in the infrastructure sector. Furthermore, it was a great opportunity to diversify and expand the use of parametric climate risk insurance on the continent. They would welcome a greater focus on this in the updated Strategic Plan for the GCF 2024–2027. A further Board member stressed the value of GCF using its equity to catalyse capital and thereby catalyse further action by taking a junior position in the fund. This opened up possibilities for other investors and they looked forward to seeing further similar projects.

408. In terms of the areas of infrastructure targeted in the project, while welcoming the AFC commitments to Paris alignment and the fact that ICRF had an exclusion list for the fossil fuel sector, a Board member urged caution regarding support to other carbon-intensive projects such as airport expansion and port facilities that could benefit the fossil fuel sector.

409. On a related theme, a Board member underlined how it important it was for the AE to avoid carbon lock-ins in the transport sector. As such, they supported the recommendations by the independent Technical Advisory Panel (iTAP) in this regard.

410. The importance of the AE following the recommendations by iTAP in respect of subprojects was highlighted by a Board member. This included, in the selection of subprojects,

fully complying with country ownership safeguards, and undertaking a strict assessment aimed at minimizing the risks to avoid potential negative impacts.

411. While it was encouraging to see this kind of project in a developing country, for one Board member, it highlighted a wider point relating to subprojects. They noted that the Office of the General Counsel had confirmed that GCF was not conferring privileges and immunities with this equity project. This was positive. However, in the event of a complaint, where would this lawsuit take place? While they were not proposing a condition for the approval of the project, they requested that the Board give serious consideration to a mechanism to provide financial support to vulnerable countries faced with pursuing a court case over a legitimate complaint in respect of a subproject. In respect of this project, national designated authorities would have signed the no-objection letters template, effectively confirming that they had undertaken due diligence and the project could proceed. In reality, the subprojects were not defined. GCF needed to be very careful as there was a clear power imbalance given that these were countries where such projects provided potential access to large amounts of concessional finance. This created an uncomfortable dilemma for GCF as a large fund when it was trying to help really low-income communities, such as LDCs, which it was set up to support. As such, they recommended the creation of a provision so that such communities could have access to lawyers for legitimate complaints. A budget to this effect could be set aside. The Board member hoped that these concerns would be taken into account moving forward.

412. The Co-Chairs invited the active observer for civil society organizations (CSOs) to take the floor.

Active observer networks

413. Although CSOs welcomed the GCF prioritizing funding that covered the incremental costs of adaptation in Africa, the active observer said they had significant concerns about FP205 in its current form. Without revisions, they feared that the programme may finance infrastructure projects that were harmful to communities, the environment and the climate. They also questioned whether the proposal would bring benefits to the most vulnerable people and communities.

414. CSOs wished to see the removal of airports from the scope of the programme. Subsidizing airport expansion, and the resultant increases in greenhouse gas emissions, should not fall within the GCF's remit and posed a significant reputational risk. They also wished to see the exclusion list strengthened and clarified, particularly in relation to energy sector financing. CSOs welcomed that there was already a "fossil fuel" exclusion, but this should explicitly exclude all infrastructure that expands fossil fuels or allows co-firing with biomass – including fossil fuel import/export terminals, refineries and storage facilities, and "associated facilities", such as dedicated transmission and distribution lines for fossil fuel power generation facilities, as all of these create a risk of lock-in.

415. CSOs also wished to see an explicit exclusion of financing to large hydropower, industrial scale biomass, and associated facilities; and clear criteria regarding support for road-building or high-voltage transmission lines in forested areas where the likely implications would be increased deforestation. More generally, they were concerned that the programme was only required to track greenhouse gas increases, but not to avoid and mitigate such increases in the first place, which should be the focus.

416. With its exclusive focus on built infrastructure, the proposed programme failed to adequately prioritize the needs of "vulnerable people" despite this being one of the stated results areas. For example, it was never explained how prioritizing financing of infrastructure in special economic zones was compatible with targeting support to vulnerable populations. The

proposal seemed to assume that the potential economic development brought about by new infrastructure in participating countries would somehow just "trickle down" to local communities, without clearly drawing a causal link between these two outcomes.

417. Sharing subproject details prior to their approval (120 days in advance for category A subprojects) with the GCF active observers and the Board via the Secretariat should be a condition for programme approval (as it has been on other similar GCF programmes), especially given their potentially disruptive effects and the risks of community displacement. Effective community engagement should also be ensured in the subproject planning process.

418. The gender action plan lacked any meaningful programme-level targets, without clear expectations for thresholds to be reached or an upward trajectory over the programme implementation period. For example, identifying the "number of reports showing disaggregated data" was a meaningless goal as disaggregated data was already required under the GCF Gender Policy. It was therefore important that the programme-level gender action plan was strengthened and that subproject-level gender action plans were elaborated and publicly disclosed.

419. The Co-Chairs invited the active observer for private sector organizations (PSOs) to take the floor.

420. PSOs were impressed by FP205 brought forward by AFC. Designing a private sector adaptation project was difficult, and they wished to congratulate the AE for the innovative programme designed to build climate-resilient infrastructure. It was ground-breaking for a new asset class. GCF was enabling other investors to come into this new asset class. It was encouraging to see the estimated number of direct beneficiaries of 50 million (of which 50 per cent were women) and 144 million indirect beneficiaries (50 per cent women).

421. PSOs noted very positively that country ownership was high with 19 no-objection letters (NOLs). The private sector had taken note of the comments regarding NOLs earlier in the day and the encouragement by several Board members and the Secretariat to consider its revision. At the present time, from experience of talking to many private sector AEs (and public sector AEs, too), they understood just how difficult it could be to obtain NOLs. It could be very painful and take several months and had no standardized process or approach. Observing that a Board member had asked whether country ownership equalled NOLs, they stated that country ownership meant that each country set their own rules, and the private sector would welcome a more standardized approach in order to better know how to ensure country ownership.

422. The project was particularly interesting, not just for country ownership, but also ownership by African investors with boots on the ground. The AFC was focusing on pension fund capital, which had a long-term horizon as compared to commercial and private sector investors. Infrastructure as an asset class generally provided annuity-like cash flows, which was more amenable to pension fund capital.

423. Additionally, with AFC primarily focusing on investors within the continent, it was the view of PSOs that this was an advantage for the project itself because African investors had relatively higher tolerance to perceived risks than investors in the developed world. As an example, while investors in Europe and North America may perceive higher risks while considering investments in Africa, African investors on the other hand were familiar with the local environment and were relatively more amenable to accepting Africa-specific risks.

424. FP205 was innovative as it created a new, ground-breaking asset class. PSOs were delighted and really encouraged the Board to adopt FP205. They extended congratulations to AFC for its ground-breaking work.

425. The Co-Chairs invited a representative of the AE to take the floor.

426. In relation to privileges and immunities, the AE representative, Elie Aloko, noted that as a multilateral organization, AFC had experience working with governments of African countries which were also their member countries. They had so far deployed significant investments (ca. USD 11.5 billion) in infrastructure. They had a robust environmental and social risk management framework with extensive stakeholder engagement at government and local level. Consequently, this was a risk that would be thoroughly mitigated.

427. Secondly, Mr. Aloko wished to reassure the Board that the investment criteria of the programme would be strictly applied based on three building blocks: (1) carry out a thorough climate risk assessment; (2) apply the principle of 'do no serious harm' to the environment and ensure strict Paris Agreement alignment; and (3) implement the recommendations of iTAP to carefully assess emissions to avoid carbon lock-in.

428. The Co-Chairs thanked the representative and invited the Board to approve the funding proposal.

429. There being no further comments and no objections, FP205 was approved for the amount of funding requested.

Funding proposal requests for changes under the Policy on Restructuring and Cancellation

430. The Co-Chairs informed the Board that they would now proceed to consider several requests for changes. Two of these would be considered in plenary before moving to an executive session for the remaining two (SAP016 (Fiji Agrophotovoltaic Project in Ovalau) and FP152 (Global Subnational Climate Fund (SnCF Global) – Equity)). There would be no presentations by the Secretariat and instead the Co-Chairs would move directly to the draft decisions before the Board.

431. The first two changes involved requests to add host countries. These were FP198 and FP078.

Status of approved funding proposals: adding host countries in respect of FP198 (CATALI.5°T Initiative: Concerted Action To Accelerate Local I.5° Technologies – Latin America and West Africa)

432. The Co-Chairs drew the attention of the Board to document GCF/B.35/05 titled "Status of approved funding proposals: adding host countries in respect of FP198 (CATALI.5°T Initiative: Concerted Action To Accelerate Local I.5° Technologies – Latin America and West Africa)" and its addendum transmitted to the Board on a limited distribution basis.

433. The representatives of the accredited entity for this project, the Deutsche Gesellschaft für Internationale Zusammenarbeit (GIZ), were available in case of questions.

434. The Co-Chairs invited the Board to adopt the draft decision in annex I to the document. The Board would thereby be approving the inclusion of Colombia, El Salvador and Peru as host countries for FP198.

435. There being no comments or objections, it was so adopted.

Status of approved funding proposals: adding a host country in respect of FP078 (Acumen Resilient Agriculture Fund (ARAF))

436. The Co-Chairs drew the attention of the Board to document GCF/B.35/10 titled "Status of approved funding proposals: adding a host country in respect of FP078 (Acumen Resilient Agriculture Fund (ARAF))" transmitted to the Board on a limited distribution basis.

437. The representatives of the accredited entity for this project, Acumen, were available in case of questions.

438. The Co-Chairs invited the Board to adopt the draft decision in annex I to the document. The Board would thereby be approving the inclusion of the United Republic of Tanzania as a host country for FP078.

439. There being no comments or objections, it was so adopted.

440. The Board took note of document GCF/B.35/02 and its addenda Add.01/Rev.01, Add.02/Rev.01, Add.03/Rev.01, Add.04–06, and Add.07/Rev.01 (general distribution) and Add.08/Rev.01 and Add.09–10 (limited distribution) titled "Consideration of funding proposals".

441. The Board adopted the following decision:

DECISION B.35/05

The Board, having considered document GCF/B.35/02 titled "Consideration of funding proposals":

(a) *<u>Takes note</u> of the following funding proposals:*

(i) *Funding proposal 199 titled "Public-Social-Private Partnerships for Ecologically- Sound Agriculture and Resilient Livelihood in Northern Tonle Sap Basin (PEARL)" by the Food and Agriculture Organization of the United Nations (FAO), as contained in document GCF/B.35/02/Add.01/Rev.01 and 10;*

(ii) *Funding proposal 200 titled "Scaling up the implementation of the Lao PDR Emission Reductions Programme through improved governance and sustainable forest landscape management (Project 2)" by the Deutsche Gesellschaft für Internationale Zusammenarbeit (GIZ) GmbH, as contained in document GCF/B.35/02/Add.02/Rev.01 and 10;*

(iii) *Funding proposal 201 titled "Adapting Philippine Agriculture to Climate Change (APA)" by the Food and Agriculture Organization of the United Nations (FAO) as contained in document GCF/B.35/02/Add.03/Rev.01 and 10;*

(iv) *Funding proposal 202 titled "Upscaling Ecosystem Based Climate Resilience of Vulnerable Rural Communities in the Valles Macro-region of the Plurinational State of Bolivia (RECEM-Valles)" by the Food and Agriculture Organization of the United Nations (FAO) as contained in document GCF/B.35/02/Add.04 and 10;*

(v) *Funding proposal 203 titled "Heritage Colombia (HECO): Maximizing the Contributions of Sustainably Managed Landscapes in Colombia for Achievement of Climate Goals" by the World Wildlife Fund, Inc. (WWF), as contained in document GCF/B.35/02/Add.05 and 10;*

(vi) *Funding proposal 204 titled "Sustainable Renewables Risk Mitigation Initiative (SRMI) Facility (Phase 2 Resilience focus) [SRMI-Resilience]" by the World Bank, as contained in document GCF/B.35/02/Add.06 and 10; and*

(vii) *Funding proposal 205 titled "Infrastructure Climate Resilient Fund (ICRF)"*

by Africa Finance Corporation (AFC), as contained in document GCF/B.35/02/Add.08/Rev.01;

(b) *<u>Approves</u> funding proposal 199, submitted by the Food and Agriculture Organization of the United Nations, for the amount of USD 36,231,981, subject to the conditions set out in annex V and in the respective term sheet set out in document GCF/B.35/02/Add.10;*

(c) *<u>Also approves</u> funding proposal 200, submitted by the Deutsche Gesellschaft für Internationale Zusammenarbeit (GIZ) GmbH, for the amount of EUR 32,823,444, subject to the conditions set out in annex V and in the respective term sheet set out in document GCF/B.35/02/Add.10;*

(d) *<u>Further approves</u> funding proposal 201, submitted by the Food and Agriculture Organization of the United Nations, for the amount of USD 26,273,510, subject to the conditions set out in annex V and in the respective term sheet set out in document GCF/B.35/02/Add.10;*

(e) *<u>Approves</u> funding proposal 202, submitted by the Food and Agriculture Organization of the United Nations, for the amount of USD 33,300,000, subject to the conditions set out in annex V and in the respective term sheet set out in document GCF/B.35/02/Add.10;*

(f) *<u>Also approves</u> funding proposal 203, submitted by the World Wildlife Fund, Inc., for the amount of USD 42,974,559, subject to the conditions set out in annex V and in the respective term sheet set out in document GCF/B.35/02/Add.10;*

(g) *<u>Further approves</u> funding proposal 204, submitted by the World Bank, for the amount of USD 160,000,000, subject to the conditions set out in annex V and in the respective term sheet set out in document GCF/B.35/02/Add.10;*

(h) *<u>Approves</u> funding proposal 205, submitted by Africa Finance Corporation, for the amount of USD 253,755,000, subject to the conditions set out in annex V and in the respective term sheet set out in document GCF/B.35/02/Add.08/Rev.01;*

(i) *<u>Reaffirms</u> that pursuant to annex IV to decision B.17/09, the Executive Director or his designee is authorized to negotiate and enter into legal agreements on behalf of GCF with accredited entities and other parties involved in respect of funding proposals approved by the Board, taking into account any condition approved by the Board in this decision and in the decision accrediting the relevant accredited entity; and*

(j) *<u>Authorizes</u> the Secretariat to disburse fees for each funded project/programme approved by the Board as per the disbursement schedule to be agreed in the funded activity agreement in accordance with the policy on fees and the general principles and indicative list of eligible costs covered under GCF fees and project management costs adopted by the Board pursuant to decision B.19/09.*

442. The Board took note of limited distribution document GCF/B.35/03 titled "Status of approved funding proposals: Extension of deadline in respect of SAP016 (Fiji Agrophotovoltaic Project in Ovalau)".

443. The Board adopted the following decision:

DECISION B.35/06

The Board, having considered limited distribution document GCF/B.35/03 titled "Status of approved funding proposals: Extension of deadline in respect of SAP016 (Fiji Agrophotovoltaic Project in Ovalau)":

<u>Decides</u> to extend the deadline until 16 October 2023 for the execution of the funded activity agreement for the following approved funding proposal:

(i) *SAP016, titled "Fiji Agrophotovoltaic Project in Ovalau".*

444. The Board took note of limited distribution document GCF/B.35/04/Rev.01 titled "Consideration of proposed change included in the restructuring proposal for FP152: Global Subnational Climate Fund (SnCF Global) – Equity".

445. The Board adopted the following decision:

DECISION B.35/07

The Board, having considered limited distribution document GCF/B.35/04/Rev.01 titled "Consideration of proposed change included in the restructuring proposal for FP152: Global Subnational Climate Fund (SnCF Global) - Equity":

(a) *<u>Approves</u> the extension of the final fund closing date until 20 August 2023 (the "Initial Extension Period");*

(b) *<u>Also approves</u> the extension of the final fund closing date until 20 January 2024 (the "Final Extension Period"), subject to the accredited entity delivering evidence during the Initial Extension Period that Global Subnational Climate Fund has received legally binding commitments or admitted additional limited partners with aggregate capital commitments of not less than USD 190,000,000 ("Additional Capital Commitments") on or before the expiration of the Initial Extension Period, with such evidence to be in form and substance satisfactory to the Secretariat;*

(c) *<u>Requests</u> the Secretariat to work with the accredited entity to ensure that the FP152 pipeline related to investment made from any further GCF disbursement is suspended until the Additional Capital Commitments have been secured;*

(d) *<u>Notes</u> that if the Additional Capital Commitments have not been so committed or received on or before the expiration of the Initial Extension Period, the Final Extension Period shall be cancelled and the final fund closing date shall be 20 August 2023;*

(e) *<u>Authorizes</u> the Secretariat to first negotiate and execute the relevant legal agreements to reflect the approval set out in paragraph (a) above; and*

(f) *<u>Also authorizes</u> the Secretariat to negotiate and execute the relevant legal agreements to reflect the approval set out in paragraph (b) above following the delivery of the evidence required under paragraph (b) above.*

446. The Board took note of document GCF/B.35/05 and its limited distribution addendum Add.01 titled "Status of approved funding proposals: adding host countries in respect of FP198 (CATALI.5°T Initiative: Concerted Action To Accelerate Local I.5° Technologies – Latin America and West Africa)".

447. The Board adopted the following decision:

DECISION B.35/08

The Board, having considered document GCF/B.35/05 and its limited distribution addendum Add.01 titled "Status of approved funding proposals: adding host countries in respect of

FP198 (CATALI.5°T Initiative: Concerted Action To Accelerate Local I.5° Technologies – Latin America and West Africa)":

(a) *<u>Takes note</u> of the no-objection letters for FP198 submitted by the national designated authorities of Colombia, El Salvador and Peru;*

(b) *<u>Approves</u> the inclusion of Colombia, El Salvador and Peru as host countries for FP198; and*

(c) *<u>Authorizes</u> the Secretariat to negotiate the funded activity agreement for FP198, which shall reflect the changes hereby approved.*

448. The Board took note of limited distribution document GCF/B.35/10 titled "Status of approved funding proposals: adding a host country in respect of FP078 (Acumen Resilient Agriculture Fund (ARAF))".

449. The Board adopted the following decision:

DECISION B.35/09

The Board, having considered limited distribution document GCF/B.35/10 titled "Status of approved funding proposals: adding a host country in respect of FP078 (Acumen Resilient Agriculture Fund (ARAF))":

(a) *<u>Takes note</u> of the no-objection letter submitted by the national designated authority of the United Republic of Tanzania;*

(b) *<u>Approves</u> the inclusion of the United Republic of Tanzania as a host country for FP078; and*

(c) *<u>Authorizes</u> the Secretariat to take such steps as might be necessary pursuant to the funded activity agreements for FP078 to give effect to this decision.*

Agenda item 12: Consideration of accreditation proposals

450. The Co-Chairs opened the agenda item and drew the attention of the Board to document GCF/B.35/06 titled "Consideration of accreditation proposals" and its addenda.

451. They informed the Board that the Secretariat had notified them of a correction that had been made in paragraph 122(a)(iii) of document GCF/B.35/06/Add.02 titled "Re-accreditation assessment of RAPL012". The text would be corrected to read "including lower risk (category C/I-3)" instead of "C/I-1".

452. The Co-Chairs asked the Secretariat and the Accreditation Panel (AP) to provide any clarifications needed when presenting the re-accreditation applicant.

453. The Co-Chairs then explained that, for this item, there would be a presentation from the Secretariat, followed by a general round of comments. Afterwards, the Board would consider the approval of entities one by one.

454. With reference to the Policy on Ethics and Conflicts of Interest for the Board of the Green Climate Fund, they invited any Board members who wished to declare a conflict of interest in relation to deliberations on any particular entity, or to refrain from these deliberations, to do so.

455. The Board member from Antigua and Barbuda said that she was a board member of re-accreditation applicant 012 (RAPL012), but this entity did not have many projects in Antigua and Barbuda. With respect to another applicant, the Board member had been advised that there

might be a misconception that she was also part of the board of this entity but that was not the case.

456. The Co-Chairs invited a representative of the Secretariat to introduce the item.

457. The Head of the Accreditation and Entity Relations Unit, Ms. Stephanie Kwan, presented areas of work related to accreditation:

(a) Support to the Board's Accreditation Committee and AP;

(b) Stage I assessments of re-accreditation applications;

(c) Assessment of upgrade applications to expand accreditation scopes;

(d) Support to the AP in recommending entities for re-accreditation;

(e) Support to accredited entities (AEs) in addressing (re-)accreditation conditions;

(f) Review of AE institutional-level monitoring reports on compliance with GCF accreditation standards;

(g) Assessment of applications for new accreditation;

(h) Continuing guidance to national designated authorities (NDAs) and entities interested in partnering with GCF; and

(i) Readiness support to NDA-nominated direct access entities (DAEs) in meeting GCF accreditation standards to seek accreditation.

458. The Co-Chairs thanked the Secretariat representative and invited the vice-chair of the AP to take the floor.

459. The AP vice-chair, Ben Boxer, introduced the AP members for the benefit of new Board members. This was followed by an overview of the recommended entities (two for re-accreditation and one entity seeking accreditation for the first time). One of the two re-accreditation applicants was a DAE while the other was an international access entity (IAE). The new applicant was an IAE as well.

460. With regard to conditions, the vice chair explained that conditions at the point of accreditation and re-accreditation contributed to institution-building and strengthening of AEs' systems, policies and procedures. Conditions were a positive outcome of the AP assessments, and could be related to updates to GCF policies that the Board had approved in the last five years, especially in the areas of transparency, accountability, gender and grievance redress mechanisms.

461. On the work of the AP, the panel continued to prioritize re-accreditation. The AP was currently working with five more entities that were already in the later stages of the re-accreditation process. In that regard, the AP encouraged the Board to consider re-accreditation applications between Board meetings in the future. Additionally, the AP was progressing work with 17 new applicants, 5 of which had transitioned to Stage II in recent months. Of the 17 new applications in Stage II, 12 were DAEs. The AP was working to further align its prioritization with the accreditation strategy approved at B.34. In practice, this meant continuing to prioritize DAEs with funding proposals and those that had demonstrated results during their first accreditation term.

462. Regarding the updates to the accreditation framework, it featured streamlined measures aimed at improving the efficiency of accreditation and re-accreditation processes. The AP thanked the Secretariat for its continued support in the procurement of individual expert consultants to bring AP resources to full capacity, and consulting firms to work under the

supervision and guidance of the AP to operationalize the updates to the accreditation framework when it became effective in April 2023.

463. The AP vice-chair thanked the Board members and their advisers for their feedback and written questions as well as the constructive comments they had raised at the previous week's technical session. The AP also encouraged advanced engagement from active observers.

464. The Co-Chairs thanked the vice-chair of the AP and stated that there would be a round of general comments, after which the Board would consider the applicants one by one.

465. Supportive of all three applications, a Board member highlighted the need to speed up the accreditation process for new DAEs for better country ownership of projects at the local level. They also stressed that re-accreditation should not be an obstacle to the accreditation of new entities.

466. The Board member representing the Least Developed Countries Group said they also supported the approval of all three applications. However, the least developed countries (LDCs) were disappointed that only one LDC DAE had received accreditation in 2022, and no funding proposal had come from LDC DAEs in the same year. This was despite the recognition at GCF that DAEs were important to developing national capacity and ensuring country ownership. This had been a persistent trend. The Independent Evaluation Unit (IEU) synthesis report on the effectiveness of direct access as well as its evaluation of the effectiveness and relevance of GCF investments in LDCs had comprehensively captured key issues and challenges faced by LDCs. These reflected the realities they had repeatedly expressed over the past years. The LDCs hoped that the recommendations from the IEU reports would be addressed by the updated Strategic Plan for the GCF 2024–2027, the accreditation strategy and the revised Readiness and Preparatory Support Programme (Readiness Programme) strategy to enhance support to LDCs.

467. A further Board member was also deeply concerned about direct access. Though pleased that many DAEs were in the accreditation pipeline, the Board member highlighted that a number of DAEs from their region had been in the pipeline for years. In relation to this, the Board member drew attention to the IEU report on direct access, which said that more DAEs were needed across all regions.

468. On privileges and immunities (P&Is), the Board member said that it might not be clear to most what P&Is legally entailed. If a country had a complaint against an international AE with P&Is undertaking work in their country, they could not be sued. All the country could do was to go to the entity's website and make a complaint, but it had no legal recourse. Although the Board member agreed that having P&Is would allow GCF to do more meaningful work, it came with significant risk and therefore countries from their region preferred to work with their own entities so that any issue that arose could be addressed directly.

469. Given its capacity, it would not be possible for the GCF Secretariat to manage all conflicts and issues across its entire project portfolio, as these projects involved millions of people. It was the Board member's understanding that the P&Is of GCF could be transferred to its partners. They were currently seeking the legal opinion of their country's attorney general on this matter. If the P&Is of GCF could indeed be transferred to partners, those impacted in countries where GCF had P&Is would have no legal recourse.

470. The Board member stressed that blocking the access of individuals to finance disempowered them. In relation to this, the Board member was especially concerned that entities with access to concessional finance would abuse their power over local people, especially those with no legal recourse. The Board member said one of the applicants had abused that power, and they therefore could not support the entity's accreditation. As the Board member's country had P&Is with GCF, they were concerned that, if this entity were accredited,

their country would have no legal recourse should it have a complaint against the entity. The Board member added that another entity had also abused its power and should be discussed at the current meeting.

471. In response to those who claimed that GCF could not have regional presence, the Board member underscored that this meant local communities would be further deprived of options to have their complaints addressed. This might be one reason GCF was having difficulties in securing P&Is from many other countries. Given this context, the Board member reiterated that having more DAEs would allow countries to directly address issues and conflicts. Having a GCF regional presence and more DAEs was important for practical reasons and allowed beneficiaries, including women, girls and vulnerable groups, to communicate with these entities directly, thereby ensuring that entities and local communities had equal power. This was not the case with international entities, which did not give the same respect to local people as DAEs. In view of this, the Board member urged the AP to recommend more DAEs for accreditation to GCF.

472. If the Board wished to have more projects on the ground and to protect women and girls, giving them direct access to GCF would empower them. This should be front of mind when designing any project. GCF should be extremely careful about not creating a condition that would make local people vulnerable. DAEs would know this and would be directly confronted by locals in case of any issues. The local people, especially vulnerable groups, should not be forced to file a complaint through the GCF website for issues to be resolved.

473. An active observer for civil society organizations (CSOs) was invited to take the floor.

474. The CSOs thanked the Secretariat for the report and appreciated the updates on accreditation and re-accreditation as well as steps the Secretariat was taking to increase the efficiency of accreditation. They noted that a number of entity work programmes had been completed; however, they could not find any of the recently completed ones on the GCF website and wondered why these were not publicly available. Similar to country programmes, given their importance to GCF project pipeline development, entity work programmes should be developed through a consultative process that included civil society, indigenous peoples and local communities as stakeholders as they would be affected by interventions drawn from these investment plans.

475. Additionally, the CSOs recalled that in previous Board meetings, the regular report on the consideration of accreditation proposals had included a timeline of AEs due for re-accreditation. It was extremely useful to have this pipeline transparency. The CSOs appreciated the commitment from the Secretariat, based on their dialogue earlier that week, to have this transparency again as there was no reason this information had to be confidential given that all the entities were already accredited to GCF.

476. In line with the recommendations in the Second Performance Review of the GCF, the CSOs agreed that it would be useful to have clearer guidelines on comparative merit and increased transparency on re-accreditation. The Secretariat should disclose the eligibility criteria of AEs for re-accreditation. They noted that, in the past, a particular AE with a track record of financing fossil fuels (but without an approved GCF funding proposal despite its high capacity) had been re-accredited quickly in comparison to another AE up for re-accreditation, which had approved funding proposals but had nonetheless been asked to comply with more requirements. This lack of transparency, and seemingly preferential treatment in some cases, was indicative of the partiality of GCF towards banks and, more generally, AEs that could manage bigger projects as well as loans and other non-grant instruments.

477. The CSOs were concerned about the track record of APL117 in many countries in which it worked. The CSOs wished for assurance that APL117, an IAE, would be held accountable in

seeking and promoting true country ownership in all its activities. Country ownership was about honouring national priorities and those of the communities the entity planned to serve while integrating community expertise into programmes and projects.

478. Moreover, the CSOs appreciated the investigation in re-accreditation about how entities were shifting their portfolios away from fossil fuels. However, they encouraged looking beyond the adoptions of policies and exclusion lists as they could contain loopholes. This was the case with the sister organization of RAPL018, which had funded downstream fossil fuel projects despite having the same exclusion list as RAPL018 on funding fossil fuel infrastructure. This was especially true for downstream infrastructure, which might not look like fossil fuel funding but could lock in fossil fuels for decades at a time when they had to rapidly shift away from this primary driver of climate change.

479. Lastly, in looking at the conditions to be met by the applicants, CSOs noted with concern that a condition on the transparency of the complaints register had to be met by RAPL012 before accreditation master agreement (AMA) effectiveness. By comparison, APL117 had to meet the same condition only after submission of its first funding proposal. The reason for this difference in treatment was not clear and raised a question of fairness and doubts about whether DAEs and IAEs were treated equally when it came to similar requirements.

480. The Co-Chairs invited the Head of the Accreditation and Entity Relations Unit, Ms. Kwan, to respond to the comments.

481. Ms. Kwan thanked the Board and the active observer for the comments and questions and said that the Secretariat had taken note of them. With respect to direct access, the Secretariat recognized the concerns raised and called attention to the accreditation strategy adopted by the Board at B.34 that prioritized re-accreditation of AEs, particularly DAEs, as well as actions to support DAEs through the process of accreditation and post-accreditation. Ms. Kwan reminded the Board that, per the B.34 decision on the accreditation strategy, further strategic matters related to accreditation were pending consideration by the Board. This included Board consideration of how and which entities should be prioritized in the accreditation pipeline. In this regard, the Secretariat had previously recommended considering DAEs, including those from the private sector, and DAEs from countries that did not have any accredited to GCF, as these were identified as covering gaps in the AE network.

482. On transparency, the Secretariat continued to improve information available about AEs on the GCF website, including accreditation terms and when AMAs had been signed and effective. This information would be available in due course. The Secretariat thanked all concerned for their patience and hoped this information would enhance awareness of the status of the AE network.

483. The Co-Chairs thanked the representative and drew the attention of the Board to the draft decision in annex I. They informed the Board that it would consider the decision paragraph by paragraph.

484. By paragraph (a), the Board was invited to take note of the re-accreditation assessments by the Secretariat and the AP for the applicants.

485. Seeing no objections, paragraph (a) of the draft decision was so approved.

Re-accreditation proposal for RAPL012, Caribbean Community Climate Change Centre

486. The Co-Chairs drew the attention of the Board to paragraph (b), by which the Board was requested to approve the re-accreditation of RAPL012, the Caribbean Community Climate Change Centre (CCCCC), based in Belize, subject to, and in accordance with, the assessment by

the Accreditation Panel (AP) contained in document GCF/B.35/06/Add.02, and subject to the completion of Stage III of the accreditation by having an effective amendment to the original accreditation master agreement (AMA), in accordance with decision B.24/13.

487. The Board member who identified themself as part of the board of CCCCC took the floor to deliver a statement on behalf of the entity. CCCCC was a regional DAE whose work was focused on small island developing States (SIDS) in the Caribbean and on improving the region's framework for activities for addressing climate change. The entity had submitted the application before the deadline for a simple re-accreditation. CCCCC was a low-risk entity and had a good track record of programming regional readiness support and funded activities in the SIDS subregion. The Board member highlighted that CCCCC had 25 approved grants valued at USD 16 million, and 11 active public sector concept notes of up to USD 218 million in its overall portfolio. It was also currently in the advanced stage of developing a funding proposal for GCF. Despite this track record, it was recommended to the Board by the AP that the accredited entity complete eight conditions prior to the effectiveness of the amended and restated AMA.

488. It was the opinion of the Board member's seat that the timing of the deadline of these conditions, being a precondition to AMA effectiveness, was not fair. It impeded the ability of CCCCC to develop its pipeline. CCCCC was the only regional entity in the Caribbean, so many countries in the region relied on it. The Board member considered the conditions onerous, which was linked to what the Board member considered a difference in the treatment of direct access entities versus international access entities. CCCCC was an intergovernmental agency and a low-risk entity. The Board member suggested that the timing of conditions could have been by first or second disbursement instead of before AMA effectiveness. Also, the AMA of the entity had already lapsed, which would impact the ability of CCCCC to submit funding proposals to GCF.

489. The Co-Chairs thanked the Board member for the comments and invited the AP to respond.

490. The vice-chair of the AP, Mr. Boxer, repeated that conditions were a positive outcome of the assessments, and some were related to the policies adopted since initial accreditation, against which entities were being assessed for the first time.

491. The Co-Chairs drew the attention of the Board to the draft decision and recalled the correction indicated earlier in the agenda item. The Board was requested to approve the assessment of the AP, including the change to paragraph 122(a)(iii) from "category C/I-1" to "category C/I-3".

492. Co-Chair Victoria Gunderson thanked the Board for its indulgence as this was her first Board meeting as Co-Chair and she was still learning the procedures involved.

493. The Co-Chairs drew the attention of the Board once more to paragraph (b), with the correction in paragraph 122(a)(iii) of the AP assessment contained in document GCF/B.35/06/Add.02, and asked the Board if it was ready to approve the paragraph.

494. A Board member asked which paragraph the Board was requested to approve.

495. The Co-Chairs clarified that they were asking the Board if it was ready to adopt paragraph (b). As for procedure, the Board would be considering the draft decision paragraph by paragraph. If there were concerns about a particular paragraph, these could be raised when the specific paragraph was being considered.

496. Another Board member asked to see paragraph (a), which the Board had already approved.

497. The Co-Chairs recalled that paragraph (a) requested the Board to take note of the assessments conducted by the Secretariat and the AP. They asked the Board once more if it was ready to approve paragraph (a).

498. As there were no objections, the Board confirmed its approval of paragraph (a).

499. The Co-Chairs drew the attention of the Board to paragraph (b) as projected on the Boardroom screen.

500. They asked if the Board was ready to approve paragraph (b).

501. Seeing no objections, the Co-Chairs said they would proceed to the consideration of the next application.

Re-accreditation proposal for RAPL018, Inter-American Development Bank

502. The Co-Chairs drew the attention of the Board to paragraph (c), by which the Board was requested to approve the re-accreditation of RAPL018, the Inter-American Development Bank (IDB), based in the United States of America, subject to, and in accordance with, the assessment by the Accreditation Panel (AP) contained in document GCF/B.35/06/Add.03, and subject to the completion of Stage III of the accreditation by having an effective amendment to the original accreditation master agreement (AMA), in accordance with decision B.24/13.

503. They invited the Board to approve the re-accreditation of applicant RAPL018, IDB.

504. A Board member said they were ready to approve the re-accreditation of IDB, but wished to add text in the decision that would reflect the assessment of the extent to which its overall portfolio of activities, other than those funded by GCF, had evolved during the accreditation period to advance the goals of GCF. Similar text had previously been added to decisions relating to comparable accredited entities (AEs). Given the still fossil fuel-intensive portfolio of IDB, the Board member also wished to add reference to the climate finance efforts of IDB in line with its Climate Change Action Plan 2021–2025. The Board member had already submitted their proposed text to the Secretariat.

505. The Co-Chairs asked the Secretariat to reflect the suggested text in the draft decision projected on the Boardroom screen.

506. A second Board member supported the addition, noting that it would be coherent with previous decisions the Board had taken in relation to entities with fossil fuel portfolios that had publicly announced ambition to phase out such portfolios. Adding this reference would also be another opportunity for IDB to communicate this ambition in the context of the Board's decision.

507. Highlighting the importance of the entity to its region, a third Board member was pleased that it wished to continue working with GCF. The Board member agreed with the added text as it would be coherent with previous decisions and would simply highlight efforts the entity had undertaken by choice.

508. Going back to paragraph (b) of the decision text on the re-accreditation of CCCCC, a further Board member asked the Co-Chairs how the concerns expressed by a Board member regarding that paragraph had been resolved and what the process would be.

509. The Co-Chairs explained that the statement delivered by the concerned Board member had been recorded but no objection had been noted.

510. The Board member who had previously delivered a statement on behalf of CCCCC clarified that the statement had asked the members of the Board to consider an amendment to the conditions the AP had recommended. To be specific, the entity was asking if the conditions

could be met after the AMA was signed and effective and prior to the first disbursement. Currently, the recommendation was for the AE to meet the conditions before AMA effectiveness. The accreditation of the entity had lapsed two months before, and the current deadline of conditions would mean this lapse would continue until conditions were met.

511. The Co-Chairs asked if the Board member had proposed text for paragraph (b) to reflect the aforementioned request.

512. The Board member responded that, as they had been in the GCF Board before, they were cautious about following due process and had left the matter for the Co-Chairs to take forward. The Board member suggested that the Secretariat could perhaps change the relevant text to indicate that the deadline of conditions would be prior to first disbursement rather than prior to AMA effectiveness.

513. The Head of the Accreditation and Entity Relations Unit, Ms. Kwan, clarified that for funding proposals to be submitted to the Board, it required the AMA to be signed but it did not have to be effective. AMA effectiveness was only needed once a funding proposal had been approved so that GCF could enter into the funded activity agreement (FAA) for that particular activity. Ms. Kwan underscored that funding proposals could still be submitted to the Board as long as there was a re-accreditation decision and a signed AMA. Ms. Kwan also clarified that the lapse in accreditation would not impact the entity’s existing approved projects with GCF. The implementation of these projects would continue per the obligations in the FAAs of those approved projects.

514. The vice-chair of the AP, Mr. Boxer, said that the AP had had excellent collaboration with CCCCC and its management. The AP had had discussions with this particular applicant, noting that it had a funding proposal in development. To ensure that the development process could continue and the proposal could be submitted, the conditions whose deadline had initially been prior to AMA signing, had been changed to be prior to AMA effectiveness. The current conditions would therefore not prevent funding proposals from being submitted.

515. Some of the gaps identified by the AP had already been identified by the entity prior to the assessment, and work on these gaps was in progress. As for the conditions, the milestones could not be negotiated as they had to be consistent with the relevant policies, particularly recently adopted ones with some conditions. The AP had determined that the milestones of these conditions were realistic. The AP assured that it would continue working closely with the entity even after Board approval of its re-accreditation to ensure that conditions were clear and could be met on time.

516. The Co-Chairs asked the Board member who wished for the conditions to be amended if they were satisfied with the explanations provided.

517. The Board member acknowledged the explanations but was not satisfied. Though the entity was already working on these conditions, the Board member underscored that other entities had been given conditions to be met by first disbursement. The Board member noted that the conditions for this entity related to managing its risks, but this entity was a low-risk intergovernmental body. There would be no risk to GCF if the deadline of the conditions was after AMA effectiveness.

518. The Co-Chairs suspended the consideration of paragraph (b) for further consultations and informed the Board that they would return to it later in the meeting. They proposed that the Board continue its consideration of the other paragraphs in the decision text.

519. As there were no objections, the Co-Chairs drew the Board's attention back to paragraph (c), which related to the approval of the re-accreditation of IDB. They recalled that a Board member had proposed adding text relating to the entity’s climate finance efforts. This text was

inserted in the draft decision as the new paragraph (c), with the original paragraph (c) now being re-ordered as paragraph (d).

520. The Co-Chairs asked if the Board was ready to approve paragraphs (c) and (d) in the decision text projected on the Boardroom screen. They opened the floor for comments.

521. Seeing no comments and no objections, paragraphs (c) and (d) were approved.

Accreditation proposal for APL117, The Nature Conservancy

522. The Co-Chairs drew the attention of the Board to paragraph (e), by which the Board was requested to take note with appreciation of the assessments conducted by the Secretariat and the AP contained within the relevant documents for the accreditation of APL117, The Nature Conservancy (TNC).

523. A Board member said that though they had been on the GCF Board before, they were not familiar with the new procedures and so asked to be excused in case of any errors. With respect to paragraph (e), the Board member said they would prefer if "with appreciation" were deleted from the paragraph as they could not agree with the assessment of this entity. The Board member stated that they had previously worked with this entity directly for many years, and though the documents on this entity might make it seem like it was doing excellent work, it was not true for their region. The Board member wished to make it clear that entities should not enter their region and take credit for the work of the government and local people instead of doing the work themselves. This caused reputational damage for the countries involved and, from what the Board member had gathered, it seemed the culture of the entity had not changed since their region's experience and interactions with it years ago. To conclude, the Board member reiterated their wish to remove "with appreciation" from paragraph (e).

524. The Co-Chairs asked the Secretariat to reflect this request in the decision text projected on the Boardroom screen so that the Board could see what it was deciding on.

525. They then drew the attention of the Board to paragraph (f), by which the Board was requested to approve the accreditation of APL117, The Nature Conservancy based in the United States of America, subject to, and in accordance with, the assessment by the AP contained in document GCF/B.35/06/Add.04, and subject to the completion of Stage III of the accreditation by having an effective AMA, in accordance with decision B.24/13.

526. The Co-Chairs opened the floor for comments.

527. The Board member who had earlier provided comments on paragraph (e) said they could not approve the accreditation of the entity. Given that GCF had privileges and immunities (P&Is) in the Board member's country, their main concern was that, should this entity be accredited and implement a project in their country, the country might not be able to take legal action should they have a complaint against the entity. As the Board member was still consulting their attorney general on this matter, they were not in a position to approve the accreditation of the entity.

528. The Board member stressed that these concerns were precisely why they preferred to work with direct access entities (DAEs). Local people knew where and how to find DAEs in order to have meaningful dialogue with them and resolve problems that could arise. That would not be the case with this entity. The countries in the Board member's region were deeply concerned that working with this entity could result in reputational harm to them. The Board member explained that when organizations wished to implement activities in developing countries but the countries refused them, the organizations could spread rumours about the countries and cause reputational harm. The Board member had previously experienced this

with the entity under discussion. Their country had been trying to resolve the issues with this entity but nothing had come of it and the country had no other recourse. With this in mind, the Board member did not believe the redress mechanism of the entity would work. Lastly, the Board member reiterated that they were still consulting their attorney general regarding the status of this entity vis-à-vis the P&Is of GCF, and were therefore not in a position to approve the accreditation of the entity.

529. The Co-Chairs suspended the consideration of paragraph (f).

Extending to entities the eligibility for the fast-track accreditation process

530. The Co-Chairs drew the attention of the Board to paragraphs (g), (h) and (i), by which the Board was requested to, respectively, take note of the status of the fulfilment by AEs of accreditation conditions as assessed by the AP contained in document GCF/B.35/06/Add.01; take note that, pursuant to decision B.08/03, paragraph (k), the Secretariat, in consultation with the AP, was proposing that the eligibility to apply under the fast-track accreditation process be extended to those entities listed in annex III of document GCF/B.35/06; and decide that those entities referred to in annex III of document GCF/B.35/06 were also eligible to apply under the fast-track accreditation process for the standards of GCF in accordance with decision B.08/03, paragraph (f), for entities under the Adaptation Fund.

531. Regarding paragraphs (h) and (i), a Board member wished to better understand the scope of the proposal specifically in relation to the fast-track process. As the process did not seem to be working as expected, the Board member asked the Secretariat what the limitations were to its implementation.

532. The Head of the Accreditation and Entity Relations Unit, Ms. Kwan, said that the Secretariat continued to implement the fast-track accreditation process per decision B.08/03. One challenge was the number of applications the Secretariat was able to process, including fast and normal-track applications. Ms. Kwan recalled that decision B.08/03 referred to the ability of GCF and the applicants to skip certain parts of the application if applicants had already been reviewed and assessed by the Global Environment Facility, Adaptation Fund, and Directorate-General for International Partnerships. While this reduced the time required for review for a fast-track application compared to if it were a normal-track application, the overall number of applications coupled with processing capacity limitations posed challenges for speedy processing of fast-track applications. In terms of re-accreditation, work was ongoing on matching the timing of re-accreditation of entities with the three other institutions and with GCF. With respect to this, the Secretariat was exploring potential approaches for addressing this issue in the context of the accreditation framework, which could be presented to the Board for consideration.

533. The Co-Chairs thanked the Board for its comments. For clarification, they asked the Board member who was not in the position to approve the accreditation of APL117 whether they objected to the full draft decision.

534. The Board member explained that they objected only to paragraph (f); they were ready to support the rest of the draft decision.

535. The Co-Chairs took note of this clarification and informed the Board that they would be suspending the consideration of the agenda item for further discussions.

Part 2

536. The agenda item was reopened on the fourth and final day of the Board meeting.

537. The Co-Chairs recalled that the item had first been considered on the second day of the meeting. The Board had already approved paragraphs (a), (c) and (d)[4] of the decision, but could not find consensus on paragraphs (b), (e) and (f). Additionally, it had not yet approved paragraphs (g), (h) and (i).

538. They informed the Board that they would first consider paragraph (f), by which the Board was requested to approve the accreditation of APL117, TNC based in the United States of America, subject to, and in accordance with, the assessment by the Accreditation Panel (AP) contained in document GCF/B.35/06/Add.04, and subject to the completion of Stage III of the accreditation by having an effective accreditation master agreement (AMA), in accordance with decision B.24/13.

539. They recalled that a Board member had objected to the accreditation of APL117 during the Board's first round of discussions.

540. The Co-Chairs invited the Board once more to approve the accreditation of APL117, TNC.

541. After thanking the Secretariat and APL117 for the consultations they had had since the first round of discussions, the Board member who had previously objected to the accreditation of APL117 said they maintained their objection.

542. The Co-Chairs noted the objection and said that they had attempted to resolve this matter in multiple ways. They informed the Board that, with respect to the decision to accredit APL117, TNC, the Co-Chairs, following consultations with Board members and alternate members including the objecting Board member, acting jointly and in good faith, had determined that all efforts at reaching consensus in respect of approving the accreditation application of APL117 had been exhausted. The Co-Chairs would therefore resort to the procedures in decision B.23/03 for adopting decisions in the event that all efforts at reaching consensus had been exhausted.

543. They opened the floor for comments.

544. A Board member expressed appreciation for the work of the Secretariat and the AP to bring these applicants before the Board. The Board member stood by the assessment and recommendations presented by the AP to accredit TNC. As noted in the accreditation assessment, the entity was fully committed to support developing countries in their efforts to reduce greenhouse gas emissions and implement their nationally determined contributions through ambitious and innovative projects and by providing technical assistance. The Board member reiterated support for the entity's accreditation at the current meeting.

545. An active observer for private sector organizations (PSOs) was invited to take the floor.

546. The PSOs warmly welcomed the accreditation of the TNC for several reasons. Firstly, it was the first non-government organization (NGO) that would be able to use a variety of financial instruments, not just grants, which were incredibly important for developing countries. It could also use loans and equity. It was a substantial development to have an accredited NGO that could work with a variety of financial instruments and worked with both public and private sectors. TNC had a long history in conservation and climate change, and was one of the largest landowners in the United States of America. This institutional knowledge had given TNC rich experience in managing complicated transactions.

[4] Secretariat note: The Co-Chairs had stated that the Board had already approved paragraphs (g), (h) and (i) of the draft decision at this stage of its discussions; however, only paragraphs (a), (c) and (d) had been approved by the Board during its first round of discussions on this agenda item.

547. Secondly, GCF mandated international access entities to assist or work with DAEs. TNC had already been doing this. It worked directly with the Micronesia Conservation Trust and helped them become an AE to GCF in 2017 and already had a funding proposal approved.

548. Thirdly, TNC had 2030 goals that were aligned to GCF, including facilitating the reduction of 3 gigatonnes of carbon dioxide emissions and helping 100 million people adapt to climate change. The decision to apply for accreditation to GCF had started many years ago. The Board should be aware that the application had been submitted in 2018. In addition, TNC had already been working on a concept note with an accredited DAE for over two years. These were testaments to the entity's commitment to work with GCF and with DAEs.

549. Fourth, it had a partnership approach. After reviewing its 2030 goals, TNC had realized that it could not achieve these goals alone. It needed to form more strategic partnerships (GCF was one of the partners TNC had identified in 2018) with a view to leverage its impact.

550. Fifth, TNC was deeply involved in capacity-building and working with local communities on the ground. The active observer noted that 70 per cent of the work TNC did was with partners. Moreover, it was unique in that the entity had developed the ability to create innovative tools that could crowd the private sector into markets it would generally shy away from. This allowed TNC to communicate with the private sector in such a way that the private sector listened and invested. For example, the private sector had helped restructure debt financing, which had led to the credit enhancement of a country. This credit enhancement had given the country access to international capital markets – an achievement the country would not have been able to reach alone.

551. Finally, the active observer highlighted that enhancing access, increasing accredited entities and increasing DAE capacity had been discussed throughout the Board meeting. PSOs were concerned about the message GCF would be sending if decisions were to be made in an ad hoc manner, especially given that TNC had met all the criteria of GCF. They urged the Board to consider its decision-making and signalling, particularly in the context of the coming replenishment.

552. The Co-Chairs recalled that there had already been a previous round of discussions on this matter, which had provided opportunities for more extensive comments. At this stage of the discussions, they requested brevity in interventions.

553. The Co-Chairs announced that they would proceed with the voting process on the draft decision relating to the accreditation of APL117, TNC.

554. Before doing so they wished to explain, as set out in decision B.23/03, the steps that were involved in such procedures.

555. First, the Co-Chairs would shortly ask the Secretariat to post the draft decision relating to the consideration of accreditation proposals as it related to the accreditation of APL117 on the Boardroom screen so the Board could see the text and know what it was voting on. This would be the draft decision that, in the Co-Chairs' judgment, was supported by the greatest number of Board members.

556. Secondly, each Board member shall be entitled to one vote. Co-Chairs retained their right to vote and, accordingly, their alternates shall not be entitled to vote. For Board seats where the Board member was absent, pursuant to paragraph 10 of the Governing Instrument for the GCF, the alternate member, if any, shall be entitled to exercise the vote of the related Board member.

557. The Co-Chairs asked the Secretary to the Board if there were any Board seats for which neither the Board member nor alternate member was present.

558. The Secretary to the Board confirmed that all Board seats were present.

559. The Co-Chairs further stated that the Executive Director would read out the names of Board members one at a time in alphabetical order by last name. Board members and alternate members taking the seat of the member should then state whether they were (i) in favour of approving the relevant part of the draft decision relating to APL117; (ii) against approving the relevant part of the draft decision relating to APL117; or (iii) abstaining from the vote.

560. All Board members present shall participate in the voting procedure and may only vote once.

561. While voting was taking place, the Co-Chairs kindly requested that no one intervene unless an issue was raised in connection with the voting process.

562. The votes cast would be counted by the Executive Director. Representatives of the Secretariat shall also count votes for cross-checking purposes.

563. The Co-Chairs would then announce the result of the vote.

564. The draft decision would be approved if at least four-fifths of Board members present and voting voted in favour, unless four or more developed country Board members or four or more developing country Board members voted against adopting the decision.

565. For the avoidance of doubt, Board members who abstained from the vote would not be “present and voting”. Therefore, their abstentions shall not be taken into account when determining whether the four-fifths threshold had been met.

566. After the results of the vote, Board members may make a brief statement to explain their vote should they wish to.

567. Before announcing the start of the formal voting process, the Co-Chairs wished to check with the Board in case there were any questions.

568. Seeing no requests for the floor, the Co-Chairs stated that the vote would begin.

569. In accordance with paragraph 15 of the voting procedures contained in decision B.23/03, the relevant part of the draft decision relating to the consideration of the accreditation of APL117 was projected on the Boardroom screen.

570. The Co-Chairs reiterated that this was the draft text that, in their judgment, was supported by the greatest number of Board members.

571. They informed the Board that they shall begin the vote and asked it to recall that all Board members present shall participate in the vote.

572. They asked the Executive Director to read out the names of Board members so that they could proceed to cast their vote as explained, and one at a time.

573. The Executive Director thanked the Co-Chairs and asked Board members to indicate if they were in favour, against or wished to abstain.

574. The following Board members voted in favour:

(1) Antwi-Boasiako Amoah;

(2) Nauman Bashir Bhatti;

(3) Milagros de Camps;

(4) Hussein Alfa Nafo;

(5) Jaime de Bourbon de Parme;

(6) Corina Lehmann;

(7) Yingzhi Liu;

(8) Tlou Ramaru;

(9) Nino Tandilashvili;

(10) Mark Dennis Y.C. Joven;

(11) Isatou F. Camara;

(12) Gisella Berardi;

(13) Tom Bui;

(14) Jaime Tramon;

(15) Stefan Denzler

(16) Jean-Christophe Donnellier;

(17) Manfred Konukiewitz;

(18) Victoria Gunderson;

(19) Leif Holmberg;

(20) Hans Olav Ibrekk;

(21) Saito Saiko;

(22) Sarah Metcalf; and

(23) Marta Mulas Alcantara.

575. The following Board member voted against:

(1) Diann Black-Layne.

576. Following the voting, the Executive Director stated that 23 of the Board members present had voted in favour and 1 Board member present had voted against.

577. The Co-Chairs thanked the Executive Director. Noting the Board members voting in favour and those voting against, they confirmed the draft decision considered in relation to the accreditation of APL117 had been approved.

578. The Co-Chairs opened the floor for any statements that Board members wished to make.

579. As there were no requests for the floor, they moved to the consideration of paragraph (b) of the draft decision relating to RAPL012.

Re-accreditation proposal for RAPL012, Caribbean Community Climate Change Centre

580. The Co-Chairs drew the attention of the Board to paragraph (b), by which the Board was requested to approve the re-accreditation of RAPL012, the Caribbean Community Climate Change Centre (CCCCC).

581. They invited the Board to approve the re-accreditation of applicant RAPL012, CCCCC.

582. A Board member said that, following extensive discussions on this matter, they wished to modify paragraph (b) to amend the re-accreditation conditions such that they shall be met by the entity prior to first disbursement of GCF for a funded activity under a funding proposal approved after the re-accreditation decision.

583. A second Board member disagreed with the amendment as it would set a bad precedent of going against the recommendations of the Accreditation Panel (AP).

584. A third Board member also rejected the amendment as they had not been given enough time to be fully informed about what it entailed.

585. The Co-Chairs asked the first Board member if they wished to retain their proposed amendment given the objections.

586. The first Board member underscored the importance of ensuring that conditions did not make it difficult for accredited entities (AEs) to access disbursement; otherwise, it would seem as if GCF AEs only to make it difficult for them to operate. This was particularly important for direct access entities (DAEs) for which conditions could be laborious, preventing them from accessing disbursement. If the Board was indeed maturing and wished to achieve impact, it was necessary to engage on these issues. Having said this, the Board member requested the Co-Chairs for a brief suspension to consult with their constituency.

587. The Co-Chairs suggested suspending consideration of paragraph (b) for the time being and moving to the remaining matters under this item.

588. The previous Board member reiterated their request for a brief suspension.

589. The agenda item was suspended.

590. After a short while, the Co-Chairs reopened the consideration of the agenda item, specifically paragraph (b) of the decision text, and recalled that a Board member had proposed amendments to the paragraph, but two Board members had objected. Noting the objections, the Co-Chairs asked the Board member who wished to amend the paragraph if they could be flexible and allow the Board to decide on the original paragraph without amendments.

591. The Board member recalled that, in the past, Board members from developed countries had made amendments to an AP recommendation with the objective of preventing some entities from being accredited. Therefore, the notion that the Board could not make amendments at the current meeting to allow AEs to operate more easily was puzzling. In past Board meetings, Board members had been allowed to introduce amendments on the floor, so it was worrisome that this was not the case at the current meeting. The Board member reiterated that their proposed amendments were intended to make it easier for AEs to operate and avoid conditions that would constrain their access to resources. The Board member was disappointed that the Board was not united in actions to ease access and the burden of DAEs, which was contrary to its claims that it wished to increase the number of DAEs accredited to GCF. Having said this, the Board member indicated that they could exercise flexibility to move the item forward.

592. The Co-Chairs thanked the Board member and said that their concerns had been noted and would be recorded in the report of the meeting.

593. They asked the Board if it was ready to approve the original decision text as presented on the Boardroom screen.

594. Seeing no further comments and no objections, paragraph (b) was approved.

Extending to entities the eligibility for the fast-track accreditation process

595. The Co-Chairs drew the attention of the Board to paragraphs (g), (h) and (i) and explained that these were the original paragraphs initially considered by the Board during the first round of discussions on this agenda item.

596. They invited the Board to approve paragraphs (g), (h) and (i) as a group.

597. Seeing no objections, paragraphs (g), (h) and (i) were approved.

598. A Board member was invited to make a statement.

599. The Board member highlighted that GCF was a partnership with about 500 partners. The Board had been discussing key and new partners to GCF. In this regard, the Board member wished to raise a concern while also acknowledging that there were differing views. This concern was related not to the entities the Board had been discussing but to processes. This was about conflict of interest and, more importantly, perceived conflict of interest. Board members had various hats on – with some having many hats on – and that could complicate matters in a board like this. The Board member noted that members of the board of entities the GCF Board had discussed had not recused themselves from discussing or participating in discussions and decisions regarding the entity in discussion. The question was whether this was a formal conflict of interest or a perceived conflict of interest. For the Board member, that was not really important. The key point was that it could be a perceived conflict of interest. The Board member recognized that Board members all spoke in behalf of their constituencies, and this should be respected, but they also had alternates who could do this if there was a need. The Board member said that, if there was a perceived conflict of interest, this should be noted by Board members in their conduct in the Boardroom. The Board member also requested the Co-Chairs to make a note of this in all Board proceedings. Furthermore, as stated initially, GCF was a partnership and this was the foundation of its business model. When discussing issues related to its partners, and raising serious concerns about its partners, it was only fair that they also be given an opportunity to present their views, given that this was a partnership. The Board member requested that this statement be recorded.

600. The Co-Chairs confirmed that they had taken note of the statement and that it would be recorded in the report of the meeting. They also indicated that the session was still being webcasted, and therefore could be viewed by the public.

601. The Board took note of document GCF/B.35/06 titled "Consideration of accreditation proposals", its addenda Add.01 titled "Status of the fulfilment of accreditation conditions", Add.02 titled "Re-accreditation assessment of RAPL012", Add.03 titled "Re-accreditation assessment of RAPL018" and Add.04 titled "Accreditation assessment of APL117" (general distribution) and Add.05 titled "Template for questions and answers on recommended entities", Add.06 titled "Board questions on recommended entities" and Add.07 titled "Board questions and Accreditation Panel responses on recommended entities" (limited distribution).

602. The Board adopted the following decision:

DECISION B.35/10

The Board, having considered document GCF/B.35/06 titled "Consideration of accreditation proposals":

(a) *<u>Takes note</u> with appreciation of the assessments conducted by the Secretariat and the Accreditation Panel contained within the relevant documents for the following applicants for re-accreditation:*

(i) *Applicant R012 (RAPL012) is the Caribbean Community Climate Change Centre, based in Belize, as contained in document GCF/B.35/06/Add.02; and*

(ii) *Applicant R018 (RAPL018) is the Inter-American Development Bank, based in the United States of America, as contained in document GCF/B.35/06/Add.03;*

pursuant to paragraph 45 of the Governing Instrument for the GCF, subject to, and in accordance with, the assessments by the Accreditation Panel contained in the relevant annexes for each of the applicants, and subject to the completion of Stage III of the accreditation by having an effective amendment to the original accreditation master agreement, in accordance with decision B.24/13;

(b) *Approves, pursuant to paragraph 45 of the Governing Instrument for the GCF, the reaccreditation of RAPL012, the Caribbean Community Climate Change Centre, based in Belize, subject to, and in accordance with, the assessment by the Accreditation Panel contained in document GCF/B.35/06/Add.02, and subject to the completion of Stage III of the accreditation by having an effective amendment to the original accreditation master agreement, in accordance with decision B.24/13;*

(c) *Takes note of the efforts of the Inter-American Development Bank to advance the purpose of GCF, including through the Inter-American Development Bank's climate finance efforts in line with its Climate Change Action Plan 2021–2025 and related statements in the context of the United Nations Framework Convention on Climate Change and the Paris Agreement;*

(d) *Approves, pursuant to paragraph 45 of the Governing Instrument for the GCF, the re-accreditation of RAPL018, the Inter-American Development Bank, based in the United States of America, subject to, and in accordance with, the assessment by the Accreditation Panel contained in document GCF/B.35/06/Add.03, and subject to the completion of Stage III of the accreditation by having an effective amendment to the original accreditation master agreement, in accordance with decision B.24/13;*

(e) *Takes note of the assessments conducted by the Secretariat and the Accreditation Panel contained within the relevant documents for the following applicant for accreditation:*

   (i) *Applicant 117 (APL117) is The Nature Conservancy based in the United States of America, as contained in document GCF/B.35/06/Add.04;*

pursuant to paragraph 45 of the Governing Instrument for the GCF, subject to, and in accordance with, the assessment by the Accreditation Panel contained in the relevant annex for the applicant, and subject to the completion of Stage III of the accreditation by having an effective accreditation master agreement, in accordance with decision B.24/13;

(f) *Approves, pursuant to paragraph 45 of the Governing Instrument for the GCF, the accreditation of APL117, The Nature Conservancy, based in the United States of America, subject to, and in accordance with, the assessment by the Accreditation Panel contained in document GCF/B.35/06/Add.04, and subject to the completion of Stage III of the accreditation by having an effective accreditation master agreement, in accordance with decision B.24/13;*

(g) *Takes note of the status of the fulfilment by accredited entities of accreditation conditions as assessed by the Accreditation Panel contained in document GCF/B.35/06/Add.01;*

(h) *Also takes note that, pursuant to decision B.08/03, paragraph (k), the Secretariat, in consultation with the Accreditation Panel, is proposing that the eligibility to apply under the fast-track accreditation process be extended to those entities listed in annex VI; and*

(i) *Decides that those entities referred to in annex VI are also eligible to apply under the fast-track accreditation process for the standards of GCF in accordance with decision B.08/03, paragraph (f), for entities under the Adaptation Fund.*

Agenda item 13: Final report of the Independent Evaluation Unit's Second Performance Review of the GCF

603. The Co-Chairs opened the agenda item and drew the attention of the Board to document GCF/B.35/07 titled "Second Performance Review (SPR) of the Green Climate Fund: Final Report" and its addendum Add.01 titled "Management response to the Second Performance Review (SPR) of the Green Climate Fund".

604. They invited representatives of the Independent Evaluation Unit (IEU) to make brief presentations.

605. The Head of the IEU, Andreas Reumann, and the IEU Evaluation Adviser, Archi Rastogi, provided introductions to the document.

606. Mr. Reumann thanked the Board for providing an opportunity to present the Second Performance Review (SPR) of the GCF. He thanked the entire IEU team and Mr. Rastogi, who was the task lead.

607. The Head of the IEU provided an overview of the purpose, objectives, background and scope of the second SPR and the conclusions in four main areas: (i) Institutional architecture and performance; (ii) Access to GCF; (iii) Programming in response to country needs; and (iv), Results and impact of GCF investment.

608. The IEU Evaluation Adviser presented seven key recommendations:

(1) The Strategic Plan for the GCF should clarify GCF's strategic positioning, articulate programming and operational priorities, and address long-term and short-term trade-offs. The ambition and strategic direction should align with available resources;

(2) At the country level, GCF should clarify its intended approach and possible roles, aligning with the available resources;

(3) Review accreditation priorities; support and explore other access mechanisms beyond accreditation; build capacities for better access and country-owned funding proposal development; and enhance accreditation process efficiency and transparency;

(4) Continually improve the efficiency, predictability and relevance of operational systems, ensuring they reflected policy priorities, strategic objectives and climate urgency, especially by targeting the delays within GCF's control;

(5) Pivot from an approval orientation towards one that emphasized results and learning, with a coherent results architecture for the second replenishment period of the GCF (GCF-2);

(6) Urgently clarify GCF's approach to managing entity and project risks for funded activities and Readiness and Preparatory Support Programme (Readiness Programme) grants; and

(7) Strengthen governance processes to provide more effective and efficient leadership for GCF.

609. The Co-Chairs invited a representative of the Secretariat to provide the management response.

610. Henry Gonzalez, the Deputy Executive Director, thanked the IEU for the excellent report and the open and collaborative methodology used during the process. It had provided a valuable input to the Secretariat and an important basis for the updated Strategic Plan for the GCF 2024–2027 (USP-2) workshops and proceedings.

611. The findings and recommendations of the evaluation broadly resonated with the Secretariat's experience and lessons learned during GCF-1. The Secretariat was already working to address some of the gaps identified. They would focus their remarks on the recommendations which had been shown on the Boardroom screen.

612. However, before proceeding, they wished to highlight two points, the first of which related to private sector targets. When the key performance indicators (KPIs) were created for the private sector, the goal was to achieve 20 per cent in grant equivalent terms. Given that GCF was currently at 17 per cent, there needed to be a quantum increase in nominal value to reach 20 per cent in grant equivalent terms since grants were rarely used for the private sector projects, and an increase in equity investments would decrease the grant equivalency. At present, GCF was at 35 per cent in nominal value in the private sector, so it may be necessary to increase the private sector target perhaps to 50 per cent of the total portfolio value to reach 20 per cent grant equivalency. This should be revisited in the new KPIs as the 20 per cent grant equivalent target was not attainable under the present system.

613. Turning to questions about adaptation in the portfolio, the GCF was now at 50 per cent in grant equivalence. The target had been reached and it was hoped to maintain it for the rest of 2023. Mr. Gonzalez then turned to the recommendations.

Recommendation 1

614. Mr. Gonzalez confirmed that there was considerable alignment with this recommendation. It was hoped to have a clear strategic vision for GCF-2. GCF had a capacitator role but, as an investment fund, it also had an important catalytic role, which included using financial instruments as effectively as possible to crowd-in public and private funding. As USP-2 evolved in coming months, it was noted that the Board may need to consider trade-offs between different goals. It was also important to bear in mind, in the context of programming goals, the resourcing of the Secretariat. The Board had already decided to increase capacity from 250 to 350 staff. If the Secretariat was going to be working with regional presence and with more direct access entities (DAEs), this would have implications from a resourcing and feasibility perspective.

615. Furthermore, as it became increasingly possible to undertake face-to-face outreach with stakeholders once more, there was a need for a more consistent narrative around impact. Sometimes there was a disconnect in messaging to different stakeholders, including accredited entities (AEs), national designated authorities (NDAs) and civil society organizations (CSOs). As a learning organization, the Secretariat agreed that a clear vision would be helpful in this regard.

Recommendation 2

616. The Secretariat agreed on the need to strengthen developing countries' capacity based on country ownership. The country ownership policy was coming to the Board and it was hoped that it could be aligned with USP-2 and operationalized as soon as possible.

617. It was also important to provide better guidance to countries to utilize GCF resources to implement their nationally determined contributions, national adaptation plans and other instruments at local level. Furthermore, it was the intention that the Readiness Programme strategy, which would be presented at B.36, would be aligned with this.

Recommendation 3

618. In relation to accreditation, the accreditation strategy had been discussed since B.34, and Mr. Gonzalez noted that there were two elements resulting from the B.34 decision (decision

B.34/19) that would be presented to the Board in 2023. These would simplify and advance how GCF approached accreditation. A number of decisions would need to be taken in relation to how to best work with this model.

619. In the revised draft Readiness Strategy to be presented for Board consideration at a future meeting, there was a dedicated DAE operational modality that should allow better access and more resources. The Secretariat was working to enhance accreditation through greater efficiency and transparency.

620. The Secretariat aimed to execute the project-specific assessment approach over the next three years starting in 2023. This would enhance the opportunities for GCF to work with entities at different levels.

Recommendation 4

621. Regarding this recommendation, the Secretariat would need to do a review of its operational capacities and resourcing. As reported under agenda item 5, the Secretariat was increasing capacity in implementation and portfolio management. The resources in that area had already been quadrupled as there had to be sufficient capacity in adaptive management and helping to ensure GCF projects were as successful as possible. The Secretariat continued work to improve access and better meet country needs in accordance with the fit-for-purpose principle, whether through regional presence or other modalities at regional level.

Recommendation 5

622. The Secretariat was working with its Knowledge Management Unit and Division of Portfolio Management to codify lessons learned and knowledge-sharing. The Integrated Results Management Framework and Readiness Results Management Framework was also being operationalized. The aim was to ensure that more feedback was fed into the implementation management process by assessing learning loops so that lessons from downstream activities could be fed into the upstream origination process. This would help to ensure greater quality at entry for project proposals which were submitted.

Recommendation 6

623. In terms of risk management, the Executive Director had presented an update on the review of the risk management framework earlier in the meeting, as part of the agenda item on the report on the activities of the Secretariat. This framework was an important milestone.

624. A risk appetite statement handbook was being developed to guide staff, and the risk register was being updated to address the risks associated with the implementation of the Secretariat 2023 workplan.

Recommendation 7

625. While recognizing that governance was a remit of the Board, this recommendation also spoke to the need for the Board to give further consideration to resourcing the Secretariat to meet key objectives.

626. The Secretariat would continue to work on increased coherence around implementation and impact, especially with other climate funds.

627. The Co-Chairs thanked the Deputy Executive Director and invited the Board to adopt the draft decision in annex I to document GCF/B.35/07.

628. Before opening the floor for comments, on behalf of the Board, they expressed thanks to the IEU for the thoughtful, detailed and timely report which would serve the Board well in how best to engage with USP-2. They also appreciated the management response. Given that the next agenda item was on USP-2, they urged colleagues to keep in mind the linkages between the two items and to be as succinct as possible, combining observations where possible.

629. They opened the floor for comments.

General comments

630. Many Board members who took the floor expressed thanks to the IEU for its excellent, comprehensive and timely report, with one highlighting how important the IEU was for their constituency. One of these said the Board should be proud of the IEU, while others stressed the benefits of evaluations in taking stock and learning lessons. The value of the report in helping to inform the Board's USP-2 discussions was underlined by another Board member. Several urged colleagues to read the report, or at least the preface, with one expressing full support for the latter. The success of GCF was important both for effective climate action but also for the health of multilateralism. They further noted that, as a taxpayer, it was essential to have an independent assessment of how taxpayer support from their country was used; the SPR provided the answer to that question. The main message they took from the report was that GCF had steadily evolved and matured as an organization. As such, they interpreted the findings of the SPR as a "glass half full". However, they opined that GCF was still smaller than the sum of its parts. It was for the Board to ensure that GCF grew larger than the sum of its parts. Noting that the Executive Director considered that GCF would reach organizational maturity in 2024, they opined that this indicated that the Executive Director and IEU were on the same page. It was pleasing to learn that the evaluation broadly resonated with the Secretariat's experience and lessons learned. Another highlighted that the IEU evaluation also included recommendations directed at the Board, which the Board member said should be taken seriously. A further Board member opined that the IEU report provided very useful insights into many aspects, not only on the roles and responsibilities of the Board, the Secretariat, active observers and AEs, but also more widely in thinking about GCF's identity and what GCF was trying to do. It was good to see how much progress GCF was making as it started to see the results of its investments.

631. Thanks were also expressed to the Secretariat for its management response which responded to several of the key issues raised. For one Board member, the management response addressed the Secretariat's continuous accountability. A Board member recommended that the management response be a "living document" to be used for the development of the GCF and the work of the Board. Another noted that the Secretariat agreed with all the recommendations except for one with which it partially agreed, while a second Board member observed that some of these had already been taken up by the Secretariat since the IEU report had been finalized, such as the risk assessment review.

632. Several Board members expressed support for all the recommendations, or most of them, and highlighted that, as well as feeding into other policy updates and developments such as the Readiness Programme and the accreditation strategy, the main instrument for taking these forwards was USP-2. For one, USP-2 should reflect all the SPR recommendations. They added that it was essential to ensure that developing countries had access to GCF finance to support them in mitigation and adaptation. It was important for them to see results on the ground. For another, the Board needed to seriously consider the rich findings and recommendations and how to address them. On this point, a Board member suggested that the Co-Chairs should create an opportunity, either in smaller groups or in an informal setting, for the Board to discuss the recommendations in order to inform USP-2 and beyond.

633. In terms of monitoring progress on the implementation of the recommendations, a Board member underlined the importance of the last point in the draft decision, that is the request in paragraph (e) for the IEU to submit a management action report no later than one year from the adoption of the decision at B.35.

634. The Co-Chairs asked if the Board member wished the text to be amended.

635. The Board member stated that they had just wished to flag this point and were flexible about giving the Secretariat more time if this was needed.

Comments in relation to specific elements of the Second Performance Review of the GCF and management response

636. Board members addressed specific recommendations including direct access, accreditation, the mitigation and adaptation balance, programming, the management action plan, governance and institutional architecture, results on the ground, privileges and immunities (P&Is), Secretariat capacity, learning and knowledge management, and regional balance.

637. Speaking on behalf of the African Group of Board members, a Board member welcomed the report and underlined that several key issues had been articulated repeatedly. Those that were particularly pertinent included:

(a) Programming: The continued lack of balance between DAEs and international access entities (IAEs), with IAEs representing a majority of the portfolio and with five IAEs accounting for a large portion the GCF portfolio. The Board and Secretariat needed to ensure that there was a level playing field between IAEs and DAEs so that the latter had a fair opportunity to compete;

(b) Accreditation: The Board member highlighted some of the key language used in the SPR final report in relation to accreditation. This included that the process was "protracted, inefficient and insufficiently transparent". Furthermore, the report stated that the accreditation requirements and outcomes were insufficiently differentiated by entity characteristics, challenges with high transaction costs, unclear decision-making and lengthy communication with GCF. These issues were found in several country case studies; and

(c) Direct access: While direct access was the preferred route for developing countries, only 25 per cent of countries had direct access. This needed to be discussed in USP-2 so that the issue was addressed strategically. It was essential to find space to incorporate it into USP-2.

638. For another Board member, they were pleased to see that direct access had been addressed in depth by the IEU. The evaluation considered GCF's partnerships in a strategic way and provided much food for thought. It was very relevant to the further development of the accreditation strategy and the readiness strategy as part of the bigger picture of USP-2.

639. Further concerns about accreditation-related issues were highlighted by a third Board member. They observed that even if there were DAEs in developing countries, their implementation modality and sectoral coverage was still limited. Therefore, exploring the alternatives to the current accreditation and access model was highly important. Furthermore, they underlined the importance of enhancing this process.

640. While agreeing with most recommendations, a Board member representing least developed countries (LDCs) felt that recommendation 3 on accreditation was too broad and should be focused on DAEs.

641. For another, the accreditation process should be made more efficient and should focus on specific priorities rather than a first-come, first-served approach. Furthermore, other access mechanisms beyond accreditation should be explored.

642. Another Board member focused their comments on recommendation 7, which related to governance and institutional architecture. While there was an oft-repeated narrative that there was a GCF problem with governance, the SPR report showed a positive picture of what had already been achieved. A second Board member opined that it was important to address the gap between governance and management in a systematic manner, while a third said it was vital to strengthen governance processes; in this regard, roles and responsibilities of the different parties of GCF needed to be clarified. The first Board member observed that there were also important recommendations on how improvements could be made. For example, there was a lack of effective interaction with the Board's active observers; their contributions were only heard by the Board when it was too late in the process. In terms of roles and responsibilities, the Secretariat paper on the GCF's policy frameworks (see document GCF/B.33/Inf.08) provided a lot of useful inputs and recommendations on how to clarify the policy framework.

643. The continued challenges with privileges and immunities (P&Is) were highlighted by a Board member. After eight years of the operation, there were only 29 P&Is in place while GCF had projects in more than 140 developing countries. The process of securing these agreements should be speeded up.

644. Noting the Secretariat's important role in supporting decision-making processes in recommendation 7, they urged greater capacity-building of the Secretariat to effectively support the Board with policy decisions.

645. In relation to learning and knowledge management, they also acknowledged that the Secretariat had made progress with this in relation to its operations. They believed this was a critical aspect of the Secretariat's work which would contribute to increasing efficiencies that should be prioritized going forward.

646. A further Board member expressed particular support for recommendation 1. It was important to clarify the role and position of GCF in the global climate finance architecture. In this regard, GCF's value, its comparative advantage and its complementarity with other multilateral financial institutions should be further enhanced.

647. The approach to the 50:50 mitigation/adaptation balance was appreciated by another Board member. They looked forward to seeing this materialize as it could contribute to the implementation of commitments by Parties to the United Nations Framework Convention on Climate Change. Furthermore, addressing regional balance should lead to a more equal distribution of resources for projects across different regions.

648. The Co-Chairs invited an active observer for CSOs to take the floor.

649. The active observer said that CSOs lauded the diligence of the IEU in preparing a comprehensive SPR. They noted with grave concern several findings and urged the Board and Secretariat to address them urgently, especially now the GCF was pursuing its second replenishment.

650. They agreed with the recommendation that the Board should clearly define the priorities of GCF, as this would result in better policies and more efficient processes. However, CSOs reminded the Board that GCF's mandate was to deliver climate finance to the most vulnerable, ensure easy and direct access, and respond to the climate crisis in an urgent, effective, and people-centred manner. While the SPR correctly highlighted that trade-offs existed, the Board must pursue its mandate focused on real climate action that was rights-based and community-centred, and advanced gender equality rather than focusing on "bankable" top-

down approaches that aimed at return on investment. The former provided the best opportunity for truly transformative and effective climate action.

651. The IEU reported that, despite improvements in processes, such as faster funding proposal approval and accreditation lead times, the GCF still had a long way to go to be fully directly accessible and responsive to the urgent needs of developing countries. As the Board pursued a more clearly prioritized USP-2, they asked the Secretariat to be more transparent, accountable, and predictable in implementing existing processes. By providing full transparency of its project and programme pipeline as well as its accreditation pipeline, the Secretariat could contribute to accountability and engagement by stakeholders as projects and entities moved through each stage. This transparency must include how DAEs were prioritized and provide equitable assistance aside from readiness and the Project Preparation Facility. Additionally, the Secretariat should continue to explore ways to increase direct access. For example, this could be done through a small grants facility or prioritizing DAEs for accreditation and reaccreditation, especially from LDCs, small island developing States, and African States that did not yet have DAEs, and then working with those DAEs to receive funding.

652. The SPR highlighted the mediocre results of current capacity-building efforts. Despite having very important roles, NDAs and DAEs often had very low capacities to meaningfully engage in GCF processes. While process improvements were noted and the quality of funding proposals was said to have improved, the mention in the SPR that such improvements could not be directly credited to capacity-building efforts called into question the effectiveness of GCF processes, which assumed that NDAs and DAEs were well-integrated within the GCF procedures. The Secretariat consistently mentioned their limited resources to pursue capacity-building. Local and national CSOs had used their own time and resources to proactively engage with NDAs, AEs and other stakeholders at the local level to help build their capacity and ability to access GCF. Given this significant shortcoming, CSOs urged the Board to prioritize resources for capacity-building in USP-2.

653. Civil society, indigenous peoples and local communities, as had been noted by the Executive Director the preceding day, were critical partners for GCF. CSOs therefore found it odd that in its response, the only recommendation that the Secretariat did not fully agree with was the one to address weaknesses in the observer function, including better integrating the active observers into the Board's decision-making process in a structured and predictable manner. CSO active observers reminded the Secretariat that observer participation was not optional and must be integrated within the process of policy and strategy development in a predictable and systematic manner, especially as GCF aimed for an ambitious replenishment and worked to improve access and effectiveness. They also called on the Board to support the IEU's recommendation to provide financial support for the meaningful participation of developing country active observers in GCF.

654. CSOs agreed with the IEU's finding that overall, there was sparse and problematic data on indigenous peoples in GCF and that they "lack meaningful access." For instance, only 37 per cent of funding proposals demonstrated the potential to impact/include indigenous peoples, but did not necessarily target indigenous peoples themselves. They strongly recommended tracking the proportion of GCF funds targeting indigenous peoples, as well as tracking the funds that directly targeted women and other vulnerable populations.

655. They urged the Board and the Secretariat to act on the recommendations of the SPR. Doing so would help ensure that GCF was prioritizing people and planet over profit and not pursuing dangerous distractions that delayed taking the urgent actions needed to actually address the climate crisis.

656. The Co-Chairs thanked colleagues for their thoughtful comments and noted that many had joined the informal technical session on this item before the Board meeting.

657. The Head of the IEU thanked Board and alternate members and advisers for their kind comments and considerations of the findings of the SPR final report. On the question of the management action report, the IEU would be ready to provide this report in line with the third performance review. They confirmed that it would definitely be possible to provide this for the Board within two years. Mr. Reumann also thanked the Secretariat for its excellent cooperation: evaluations could only be as strong as the cooperation internally within GCF and externally with NDAs and delivery partners.

658. In response to a comment from the active observer for CSOs, the Deputy Executive Director, Mr. Gonzalez, wished to clarify that the Secretariat supported and worked closely with active observers. They noted that the recommendation from the IEU was for the Board to take decisions on this matter, not the Secretariat, and therefore it had not opined on this. The Secretariat fully embraced transparency and strong collaboration with all active observers.

659. The Co-Chairs invited the Board to adopt the decision.

660. Seeing no further comments, it was so adopted.

661. The Board took note of document GCF/B.35/07 titled “Second Performance Review (SPR) of the Green Climate Fund: Final Report” and its addendum Add.01 titled “Management response to the Second Performance Review (SPR) of the Green Climate Fund”.

662. The Board adopted the following decision:

DECISION B.35/11

The Board, having considered document GCF/B.35/07 titled “Second Performance Review (SPR) of the Green Climate Fund: Final Report”:

(a) <u>Recalls</u> paragraph 59 of the Governing Instrument for the GCF, which states that “there will be periodic independent evaluations of the performance of the Fund in order to provide an objective assessment of the results of the Fund, including its funded activities and its effectiveness and efficiency”;

(b) <u>Also recalls</u> decision B.BM-2021/11 where it initiated the second performance review of the performance of GCF for the GCF-1 programming period, in a manner appropriate to the current stage of GCF operations, while recognizing that GCF will be a continuously learning institution guided by processes of monitoring and evaluation;

(c) <u>Takes note</u> of the second review of the performance of GCF undertaken by the Independent Evaluation Unit;

(d) <u>Notes</u> the Secretariat’s management response to the evaluation report as presented in document GCF/B.35/07/Add.01; and

(e) <u>Requests</u> the Independent Evaluation Unit to submit a management action report to the Board no later than one year following the adoption of this decision.

Agenda item 14: Guidance from the twenty-seventh session of the Conference of the Parties to the United Nations Framework Convention on Climate Change

663. The Co-Chairs opened the agenda item[5] and drew the attention of the Board to document GCF/B.35/11 titled "Guidance from the twenty-seventh session of the Conference of the Parties".

664. They invited the Board to adopt the draft decision in annex I to the document.

665. They opened the floor for comments.

666. Board members welcomed the report, congratulated the new Co-Chairs and welcomed new Board members including those from the Group of Latin America and the Caribbean (GRULAC) countries.

667. Board members who took the floor focused their attention on annex II to document GCF/B.35/11 titled "Summary of GCF direct guidance received from the twenty-seventh session of the Conference of the Parties to the United Nations Framework Convention on Climate Change and the fourth session of the Conference of the Parties serving as the meeting of the Parties to the Paris Agreement and proposals on how it will be addressed by the Board and Secretariat". They made a number of comments in relation to specific paragraphs therein.

668. Several themes of both a very broad nature and those which were more targeted emerged, including the advancement of Article 2.1(c) of the Paris Agreement in relation to financial flows, a just transition, coherence and complementarity, REDD+ and results-based payments (RBPs), support for national adaptation plans (NAPs), accreditation of direct access entities (DAEs), support for vulnerable countries, and enhanced support for least developed countries (LDCs), small island developing States (SIDS) and other developing countries for pipeline and proposal development and for adaptation actions.

669. A Board member highlighted the importance of the Board, taking into account the general request from the Conference of the Parties (COP) to the United Nations Framework Convention on Climate Change (UNFCCC) to continue to address the needs of developing countries in the light of the principles of the UNFCCC and the Paris Agreement and to foster a just transition.

670. They expressed concerns about the language used in the document, and in particular that paragraph 5(b)[6] did not accurately reflect the language of the COP decision in relation to the need to support developing countries that were vulnerable to the effects of climate change.

671. They also emphasized new elements in the guidance, namely in relation to paragraphs 14 and 15 of decision 16/CP.27[7] and paragraph 7 of decision 16/CMA.4,[8] which were seen as favourable to developing countries.

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[5] Just before opening this agenda item, the Co-Chairs invited the Board member from Switzerland to take the floor. The Board member informed the Board about a side event to be held later that day to raise awareness of the challenges faced by the world's mountains and opportunities in relation to GCF. The Board member explained that this would not involve creating a new country category, would not compete with small island developing States, Africa or others and did not involve creating a new funding envelope, but could involve exploring other avenues. Those countries that wished to support this topic would be invited to co-sign the document (which had been circulated to Board members the previous day) by the end of March 2023. This would then be submitted as a non-paper to the Secretariat.

[6] Document GCF/B.35/11, paragraph 5 (b): "The Board was invited to enhance support for the least developed countries, small island developing States and other developing countries in developing project pipelines and proposals, as well as for adaptation actions associated with the priorities in their national adaptation plans."

[7] Available at: https://unfccc.int/sites/default/files/resource/cp2022_10a02_adv.pdf.

[8] Available at: https://unfccc.int/sites/default/files/resource/cma2022_10a03_adv.pdf.

REDD+ and results-based payments

672. Several Board members took the floor to highlight the importance of this topic (with reference to paragraph 16 of decision 16/CP.27 (see annex II to document GCF/B.35/11), with some expressing concern at the slow progress following the GCF REDD+ Results-Based Payments Pilot Programme (REDD+ RBP Pilot Programme).

673. The Board member from Argentina, who noted that they also represented Ecuador, Brazil and Uruguay, underlined that it was important for the Board to continue supporting results-based payments (RBPs) through policy approaches and incentives to help strengthen the contribution of countries in the Latin American and Caribbean (LAC) region to global mitigation efforts, including activities related to forests and projects under the REDD+ framework. These projects needed predictable, new and additional resources more than ever, and this was a priority for the LAC region. This view was echoed by another Board member from the region who urged the Secretariat to continue consultations as this matter was of great importance to them.

674. For a third Board member, progress since the REDD+ RBP Pilot Programme three years ago when USD 500 million had been allocated had been too slow. Under paragraph 16 of decision 16/CP.27, the Secretariat would only conduct further consultations on the terms of reference for a possible second phase of the REDD+ RBP Pilot Programme. In the meantime, this meant that measures to control deforestation would be delayed. For them, Board discussions should start as soon as possible. The Board member requested that the Co-Chairs or Secretariat consider a timetable for such deliberations for B.36.

675. In relation to the proposed Secretariat response to paragraph 16 of decision 16/CP.27 and paragraph 5 of decision 16/CMA.4, a fourth Board member welcomed further consultations on the terms of reference for a possible second phase of the REDD+ RBP Pilot Programme and they looked forward to see the outcome of that work. A final Board member echoed the importance of forestry and relevant guidance from the COP on RBPs, REDD+ and joint mitigation/adaptation activities. They stressed the need for the Board to discuss financing and expressed disappointment at the absence of this topic from the B.34 and B.35 agendas. They hoped this would be brought to the Board as soon as possible.

Just transition

676. A Board member stated that the Board should take into consideration the call from the COP at its twenty-seventh session (COP 27) related to promoting just transition pathways. They understood that GCF had played a role and could continue to play a role in in supporting just transitions in the light of the needs and priorities identified by developing countries. A decision was also taken at COP 27 to establish a new work programme on just transitions. The first meeting on this would take place in June 2023 at the fifty-eighth session of the Subsidiary Body for Implementation. When the Board considered paragraph 7 of decision 16/CMA.4 and the different ways to “enhance support for just transitions of developing countries across economic sectors and transition to resilient economies”, the Board must strive for quicker access to finance as well as respect for the nationally determined development priorities within those transitions.

Article 2.1(c) of the Paris Agreement

677. In relation to supporting a wider alignment of financial flows with countries’ climate plans and strategies, a Board member stated that Article 2.1(c) of the Paris Agreement was particularly important for SIDS. As such, they looked forward to seeing how this would be

implemented at GCF. By having the policies and measures in place to ensure there was no damage from the outset, there would be no need for subsequent correction. The Alliance of Small Island States wished to see a greening of the whole private sector, that is all financial flows rather than merely "green" GCF projects. They suggested that GCF work directly in the region with central banks that made financial policy. There were thousands of individual banks but only perhaps 100 or so central banks. This made it more manageable. GCF could work with them so that the process could be started. The Board member said that they were not aware of any other international body working directly with this group of stakeholders. GCF was thus poised to establish that as niche area to work with in implementing Article 2.1(c).

Technology incubators and accelerators

678. A Board member stated that it was important to steadily implement actions in relation to requests for proposal (RFPs). They noted that Japan welcomed the statement that terms of reference for RFPs could be considered at B.37.

Gender Policy

679. Noting the text in paragraph 18 in decision 16/CP.27 which "*Requests the Board to consider enhancing ambition in the next version of its gender policy.....*", a Board member stated that it was not only important to enhance ambition in the next version of the GCF gender policy but also to make sure the ambition was reflected in the implementation by all GCF partners.

Coherence and complementarity

680. A Board member from GRULAC wished to highlight the importance of coherence and complementarity (paragraph 7 in decision 16/CP.27) with relevant global funds for their region; continuing to work on this was crucial.

Paragraphs 8, 9, 12 and 15

681. Speaking on behalf of LDCs, a Board member wished to underline the guidance in paragraphs 8, 9, 12 and 15, which was aimed at enhancing the implementation of projects from NAPs and increasing DAE presence and programming. They hoped that the Board would consider these items as part of its work on the updated Strategic Plan for the GCF 2024–2027 (USP-2).

682. A Board member speaking on behalf of the African Group of Board members noted that the document was only shared on 7 March 2023. Consequently, they had not had an opportunity to consult. The group would work with Board members and the Secretariat to include the mandated activities from decisions from COP 27 and the fourth session of the Conference of the Parties serving as the meeting of the Parties to the Paris Agreement (CMA), including work on just transitions and the CMA request to increase support from GCF for high-impact mitigation and adaptation projects. It was the view of the African Group that the Board was simply taking the COP and CMA guidance and deferring consideration of this until the next four-year workplan. The African Group would have preferred more discussions and they suggested taking this up at B.36.

683. The Co-Chairs invited an active observer for civil society organizations (CSOs) to take the floor.

684. The active observer stated that CSOs welcomed the new COP guidance that continued to recognize the valuable role of GCF in supporting developing countries to achieve their

respective mitigation and adaptation targets. They were pleased to note the confidence of the COP in GCF in advancing a just transition across all economic sectors and in continuing to incorporate the interests, perspectives, knowledge and priorities of indigenous peoples via the Indigenous Peoples Advisory Group.

685. CSOs also welcomed the direction given to the GCF regarding its Private Sector Strategy, which aimed to advance the needs of local private sector and micro, small and medium-sized enterprises via early-stage grants-based financing. They believed this was an important step in empowering organizations at the "bottom-of-the-pyramid" and also urged that preferential access be given to women-owned or women-led micro and small enterprises.

686. CSOs also wished to raise several concerns regarding guidance interpretation:

(a) While they understood the value of coherence and complementarity with other funding mechanisms and institutions, especially those under the UNFCCC, they were concerned at the possibility of the Secretariat extrapolating this guidance to collaborate with financial instruments and mechanisms implemented by international financial institutions (e.g. multilateral development banks and other funds outside the UNFCCC) that were designed to operate for profit and provide climate finance via debt-creating mechanisms. The nature, orientation, structures and track record of these institutions ran counter to what should be the principles, purpose and requirements of climate finance, which was based on the recognition of historical responsibility for global warming and the equitable fulfilment of corresponding obligations. The principle of coherence and complementarity should be interpreted and applied across different components of the Paris Agreement, including its preamble section, which underlined human rights and the rights of indigenous peoples in climate action;

(b) They also urged caution in the interpretation of the guidance to increase proposals for technology incubators and accelerators in developing countries. They believed this could potentially open up proposals for technofixes which were unproven at scale, such as geoengineering, and technologies falsely perceived as "clean energy", including biomass burning, that were actually directly harmful for the environment, or indirectly harmful, as they primarily served to enable the continued reliance on fossil fuels. They urged GCF to reject proposals that advanced technologies that perpetuated the use of fossil fuels, including the use of fossil fuels in other forms like nitrogen and ammonia, and those related to the construction and operation of carbon sequestration and storage, as well as geothermal, large hydro, nuclear power plants, and unproven at scale geoengineering technologies; and

(c) CSOs noted the Secretariat's proposal to the Board to continue reporting on the implementation of the Gender Policy. However, as currently undertaken, this did not raise ambition on gender accountability, which the COP suggested would be needed. The Secretariat reporting continued to be based solely on compliance with and production of gender documentation, not on the quality and implementation of the gender assessments and gender action plans and the results measurement of gender equality outcomes.

687. The Board member representing the African Group of Board members requested the floor again to emphasize certain points, namely the importance of deferring some of the elements the Board had not had the chance to discuss (i.e. just transition, Article 2.1(c) and the issue of high impact). The African Group requested that these should not be included in the workplan until discussed in detail at B.36.

688. Another Board member stated that having heard two Board members make remarks about Article 2.1(c) of the Paris Agreement, they wished to underline that, for their seat, that it

was extremely important not to stop the discussions on the role of GCF in the context of implementation of one of the crucial long-term goals of the Paris Agreement. This discussion should be continued as soon as possible. Their seat had previously been vocal on the importance of GCF being a frontrunner in relation to Article 2.1(c) and wished to propose concrete action.

689. The Co-Chairs asked if the Board member representing the African Group of Board members had a specific proposal or amendment to the document; otherwise they would move to propose the adoption of the decision.

690. The Board member stated that, given the late delivery of the document, the whole guidance should be deferred to allow time for the group to discuss this in detail.

691. The Co-Chairs asked if the Board member was objecting.

692. The Board member clarified that the decision was not being objected to, but that more time was needed to discuss it further.

693. The Co-Chairs proposed to suspend the item and return to it later.

694. The Co-Chairs reopened the agenda item on the fourth and final day of the Board meeting.

695. They recalled that a draft decision had been presented to the Board on the second day of the Board meeting but there had been no consensus to approve it. The Co-Chairs, with the support of the Secretariat, had consulted on the matter with Board members and constituencies and the Board now had a revised decision before it.

696. They asked the Secretariat to display it on the Boardroom screen and invited the Board to approve this decision.

697. They drew the attention of the Board to the highlighted text in paragraph (c). The Secretariat had noted that there might be budget implications to the request, and so it proposed assessing the costs of open, inclusive and transparent consultations, including workshops and virtual meetings, and submit a budget request to the Budget Committee for its consideration as required.

698. The Co-Chairs noted that this was a reminder that requests from the Board had budgetary implications and such requests had to be considered within the purview of the current budget.

699. They invited the Board to approve the decision.

700. A member of the Budget Committee (BC) stated that the BC had the authority to revise budget requests but not to approve them as this was a matter for the Board.

701. A second Board member thanked the Co-Chairs for the new language on REDD+ (paragraph (b)) and supported the proposal (on the financing of RBPs for REDD+, building on the outcomes of the pilot phase no later than B.37) as presented. Their constituency underlined several points: (1) it was necessary to respect the mandate of the COP and continue consultations on REDD+; and (2) it was necessary to make a decision in a timely manner at B.35. Regarding the consultations to be conducted by Secretariat and the further deliberations by the Board, there was a need for a comprehensive and transparent process that took into account the previous consultations. The Board member underlined their support for the REDD+ programme to become a permanent platform under GCF. They hoped fellow Board members could support this way forward when discussing the terms of reference for the REDD+ programme.

702. The Co-Chairs thanked the Board member.

703. Seeing no other comments, the decision was so adopted.

704. The Board took note of document GCF/B.35/11 titled "Guidance from the twenty-seventh session of the Conference of the Parties".

705. The Board adopted the following decision:

DECISION B.35/12

The Board, having considered document GCF/B.35/11 titled "Guidance from the twenty-seventh session of the Conference of the Parties":

(a) *Takes note of this report, including the actions to be undertaken by the Board and Secretariat in 2023 in response to guidance received from the Parties during the twenty-seventh session of the Conference of the Parties, as contained in annex VII, as amended;*

(b) *Requests the Secretariat to prepare for the Board's consideration and approval a proposal on the financing of results-based payments for REDD+, building on the outcomes of the pilot phase no later than the thirty-seventh meeting of the Board;*

(c) *Also requests the Secretariat to undertake open, inclusive and transparent consultations on the development of the proposal on the financing of results-based payments for REDD+ and further requests the Secretariat to assess the cost implications of the consultations and submit to the Budget Committee a budget request for its consideration as required;*

(d) *Requests the Secretariat to prepare an action plan and timetable focusing on GCF's enhanced engagement with the local private sector as well as micro, small and medium-sized enterprises in developing countries, including by providing early-stage and grant-based financing to the local private sector and start-ups in developing countries, as part of the Secretariat's annual reporting to the Board on progress in the implementation of the Private Sector Strategy for consideration at the thirty-seventh meeting of the Board;*

(e) *Also requests the Secretariat to explore options for further enhancing coherence and complementarity with other relevant bilateral, regional and global funding mechanisms and institutions and present these to the Board for consideration no later than the thirty-seventh meeting of the Board; and*

(f) *Further requests the Co-Chairs, with the support of the Secretariat, to include an overview of progress on the response to guidance received from the Parties during the twenty-seventh session of the Conference of the Parties in the twelfth report of the Green Climate Fund to the Conference of the Parties to the United Nations Framework Convention on Climate Change.*

Agenda item 15: Matters related to the Policy for Contributions to the Green Climate Fund

706. The Co-Chairs opened the agenda item and drew the attention of the Board to document GCF/B.35/Inf.04/Rev.01 titled "Update on the policy for contributions to the Green Climate Fund for the second replenishment".

707. They invited a representative of the Secretariat to introduce the document.

708. The Head of Resource Mobilization, Juichiro Sahara, recalled that the current policy for contributions had been adopted by the Board in 2019. Per decision B.33/11, the Board had

requested the Secretariat to update the policy and for this process to conclude no later than B.36.

709. The approach paper on the update to the policy, contained in annex I to the document, presented the specific areas of possible updates. Based on this paper, comments had been received from the participants of the first consultation meeting for the second replenishment period of the GCF (GCF-2). The next steps would be to draft an updated policy for contributions based on the comments received and then share this draft with the participants of the second consultation meeting.

710. During the first consultation meeting held virtually on 1–2 December 2022, discussions had focused on the issues of minimum contribution, effectiveness, timing of the payment of contributions, and commitment authority.

711. With regard to minimum contribution, the Head of Resource Mobilization explained that, during the first replenishment process, many participants had strongly supported not setting a minimum contribution threshold such that all contributions, however small, were important and welcomed. Participants had noted that successful replenishment depended on mobilizing global political support, and it was therefore essential that there were no restrictions on who could contribute. However, some contributors had wished to set a minimum contribution threshold to balance between having as many contributors as possible while being as ambitious as possible.

712. For the update to the policy, the Secretariat recommended maintaining the present policy of not having a minimum contribution threshold to participate in the replenishment process, as GCF needed to broaden its contributor base. Having a threshold for replenishment participation could turn away potential contributors. During the first consultation meeting for GCF-2, many participants had agreed with maintaining the policy of having no minimum contribution while affirming that the contributor base should be broadened.

713. The second area of consideration was effectiveness, which was defined as the ability of the Board to allocate funds for projects. Mr. Sahara recalled that during GCF-1, effectiveness had been lowered to 25 per cent from the 50 per cent threshold of the initial resource mobilization (IRM) period. The 25 per cent threshold for GCF-1 had been achieved on 19 December 2019, less than two months after the Pledging Conference in October 2019.

714. For the update to the policy, the existing 25 per cent threshold could be maintained or further lowered to ensure early usage of commitment authority. During the first consultation meeting for GCF-2, some participants had expressed their preference to continue with the existing 25 per cent threshold.

715. The third area of consideration was the timing of payment of contributions. For GCF-1, some contributors were scheduled to make their payments in December 2023 or later, which would be beyond GCF-1. This meant that these payments would not be utilized during GCF-1 as the last Board meeting of 2023 would likely be in October.

716. The Secretariat highlighted that if payments could be made by the third quarter of every year, GCF would be able to utilize them for the Board meetings of that year, which would then help it reach the programming targets set for that particular year. The Secretariat therefore recommended that all contribution payments and deposits be completed within the replenishment period and by the third quarter of each year. The participants of the first consultation meeting had noted this request. This matter would be discussed further during the second consultation meeting.

717. The fourth area of consideration was commitment authority. The current policy stated that any funding decision by the Board would be made against the total amount of available resources in the form of cash and promissory notes in the GCF Trust Fund.

718. While there were some comments that GCF could have a more flexible commitment authority policy to cover for a potential shortfall of commitment authority, the Secretariat's view was that the current policy reflected the sound financial management of GCF funds. Also, GCF followed similar and good processes of other comparable organizations. Therefore, the Secretariat recommended maintaining the existing practice of making funding decisions against the total amount of available resources in the form of cash and promissory notes in the GCF Trust Fund.

719. During the first consultation meeting, there had been a preference among participants to continue using the existing practice of making funding decisions against the total amount of available resources in the form of cash and promissory notes in the GCF Trust Fund. Participants had agreed to discuss the matter further if needed during the second consultation meeting.

720. The Co-Chairs thanked the Secretariat and informed the Board that the document was presented for information. They opened the floor for comments.

721. A Board member thanked the Secretariat and said they looked forward to discussing the policy at the second replenishment meeting. Overall, the Board member agreed with the contents of the existing policy, particularly making funding decisions against the total amount of available resources in the form of cash and promissory notes in the GCF Trust Fund. With regard to the encashment schedule, there had been some discussions about shortening this schedule so that GCF could have more resources earlier. However, a shorter mandatory encashment schedule would be difficult for some countries to manage. A solution would be to retain a flexible schedule and provide incentives to countries that opted for shorter encashment schedules. The Board member said this was being practiced in institutions like the Asian Development Bank, where shorter encashment was incentivized by a small discount.

722. The Board member wished to know the status of the policy for contributions from alternative sources, and whether this would be discussed leading up to the replenishment. In order to diversify the GCF contributor base beyond the current set of traditional contributors, it was key that the Board adopted a policy on contributions from alternative sources of funding and that the Secretariat, supported by the Facilitator, engaged in outreach with non-traditional contributors, particularly from emerging markets. The Board member said that buy-in from emerging markets could encourage higher contributions from existing contributors. Therefore, broadening the donor base in all directions would be welcomed.

723. A second Board member indicated that the African Group of Board members believed the policy should be driven and set by the Board. Key matters should not be left to the replenishment contributors to determine on behalf of the Board. In this regard, the policy, after coming from the replenishment process, should be subject to the mandatory consultation process per decision B.23/03. Secondly, the Board should provide clear guidance regarding the need for a stable and predictable annual commitment authority. During the IRM period and GCF-1, the commitment authority had been very unstable, ranging from less than USD 1 billion per year to over USD 2 billion per year. In terms of the Secretariat's recommendation with respect to timing of contributions,[9] the Board member said this should be a Board policy.

[9] In annex I to document GCF/B.35/Inf.04/Rev.01, the Secretariat's recommendation with respect to timing of contributions reads as follows: "Continue to strongly request that all GCF-2 contributions (payments of cash and deposit of promissory notes) will be completed within the replenishment period, while also strongly encouraging

724. In addition, the Board member noted that some developed countries did not provide financial inputs to GCF or had unconfirmed pledges. Some of these countries continued to serve in the GCF Board and held leadership positions, while some declined to serve in GCF. It was imperative that the Board looked into the risks of non-contribution from developed countries. There was a governance gap due to the lack of policies that addressed (i) the non-conversion[10] of pledges; (ii) the non-contribution of developed countries in accordance with paragraph 29 of the Governing Instrument for the GCF, and (iii) arrears and non-payments. These matters should be addressed by the Board as contributors should not be left to monitor themselves. This should also be an important area of focus when discussing the updates to the policy.

725. The Board member pointed out that the IRM version of the policy had contained a section on managing risks related to non-payment of contributions, but the GCF-1 policy was silent in this regard. The draft of the updated policy was equally silent despite the existence of non-converted pledges from the IRM period. This was a serious concern especially given their impact on the fluctuation of commitment authority. With this said, the Board member requested the Secretariat to include a section in the updated policy that would address issues related to managing the risk of non-contribution. Specifically, the policy should include the following:

(a) A policy statement regarding a stable and predictable commitment authority of at least USD 3 billion per year over the GCF-2 period;

(b) A risk management statement and framework to address the lack of compliance by developed countries to their obligation to provide financial inputs to GCF and the overall impact of this on the programming capacity of GCF;

(c) An approach to addressing non-converted pledges;

(d) An incentive and enforcement regime for managing non-contribution; and

(e) An approach to addressing arrears and non-payment of signed contribution agreements.

726. The Board member explained that this addition would provide clear guidance that would address some of the recurring risks in relation to replenishment.

727. An active observer from civil society organizations (CSOs) was invited to take the floor.

728. The active observer indicated that, while the CSOs agreed with the recommendation of not having a minimum contribution level, there should be a maximum[11] amount for contributions in loans, as contributions should be given primarily in grants. This was true for both the overall percentage of loans and individual contributors' percentage of loans. In both cases, the suggested thresholds were too high.

729. As highlighted during recent Board meetings, it was especially important that GCF had enough commitment authority to provide the critical finance needed by countries for mitigation and adaptation. To that end, it was critical that pledges were confirmed and fulfilled quickly, with all contributions paid within the four-year replenishment period. The encashment schedule should also be shorter than nine years, as was current practice, and countries should upfront payments as much as possible and be flexible in their confirmed contribution agreements. Prioritizing encashment gave contributors the opportunity to respond to updated

the contributors to make the contributions by end of third quarter of each year so that the contributions can be allocated as commitment authority to the relevant Board meetings of that year."

[10] Secretariat note: The term used in GCF official documents for pledges that have not been converted into contribution agreements is "unconfirmed pledges". https://www.greenclimate.fund/sites/default/files/document/1706-status-pledges-website-march-31-2023.pdf.

[11] Secretariat note: The active observer said there should be a minimum amount for contributions in loans; however, the word minimum had been changed to maximum in this report, with the understanding that the CSOs wished to have the lowest possible maximum ceiling level for loans.

information (including from the Global Stocktake, Intergovernmental Panel on Climate Change, and the next cycle of nationally determined contributions), and increase their pledges appropriately during the coming replenishment period.

730. The CSOs remained concerned about the unfulfilled payment of pledged contributions from the IRM, as well as the fact that several countries that should have contributed did not participate in the first replenishment. The climate crisis was worsening, a fact that would be reiterated by the Intergovernmental Panel on Climate Change in its Sixth Assessment Report. There was limited time to act, and that required vastly more climate finance for mitigation and adaptation. Further delay or partial delivery would only result in more difficult climate scenarios and, in turn, more resources needed to address the graver impacts experienced by particularly vulnerable peoples and communities.

731. GCF was a critical provider of climate finance to implement the Paris Agreement. It was essential that those most responsible for the climate crisis not only pledged generously to GCF but also fulfilled these pledges, including those in arrears, as part of an ambitious replenishment for GCF-2.

732. A further Board member underscored that the replenishment was crucial to all developing countries. The policy update should be conducive to increasing the financing provided to GCF, and its use of this funding to support climate action. The GCF-2 replenishment should demonstrate the developed countries' political will to deliver the provision and mobilization of the long overdue USD 100 billion a year commitment to climate finance. Additionally, it was worth learning from the experiences and lessons of GCF-1 while taking into account the evolving global situation, particularly the urgent needs and challenges of developing countries. Lastly, GCF should improve its strategic planning and efficiency in decision-making and consultation, in addition to laying a solid foundation for the efficiency and effectiveness of USP-2 implementation.

733. A final Board member wished for clarification regarding promissory notes. From their understanding of the approach paper, the disbursement schedule of the promissory notes was such that less than 50 per cent of the pledge would be disbursed in the four-year period of the replenishment. The Board member asked the Secretariat if this understanding was correct.

734. The Co-Chairs invited the representative of the Secretariat to respond to the comments.

735. The Head of Resource Mobilization, Mr. Sahara, thanked the Board members and the active observer for the comments and guidance provided. The Secretariat would consider this input in the development of the next draft of the policy. It would also be discussing further with contributors and the Board. With regard to the final Board member's question on promissory notes, Mr. Sahara said the Secretariat would discuss with the Board member bilaterally.

736. The Director of External Affairs, Oyun Sanjaasuren, took the floor to confirm that the draft of the updated policy for contributions would be presented to the Board at B.36.

737. The Co-Chairs informed the Board that they had taken note of the various views and recommendations provided.

738. They invited the Board to take note of the report.

739. Seeing no objections, the Board took note of document GCF/B.35/Inf.04/Rev.01 titled "Update on the policy for contributions to the Green Climate Fund for the second replenishment".

740. No decision was taken under this agenda item.

Agenda item 16: Updated Strategic Plan for the GCF 2024–2027

741. The Co-Chairs opened the agenda item and drew the attention of the Board to document GCF/B.35/16 titled "Updated Strategic Plan for the GCF 2024-2027: Co-Chairs' roadmap" and its addendum.

742. They invited the Secretariat to present the progress of the updated Strategic Plan for the GCF 2024–2027 (USP-2) to date, including comments submitted on the first draft and feedback received at the 1 March 2023 USP-2 workshop in Paris.

743. The Head of Policy and Strategy, Ms. Selina Wrighter, provided an overview of Drf.01 of USP-2, which comprised the following sections: (i) Introduction; (ii) Long-term vision; (iii) Mid-term goals; (iv) Strategic programming objectives; and (v) Operational and institutional priorities. The presentation also briefly summarized feedback received from Board consultations held between late December and early March 2023, including emerging areas of convergence, divergence and further work.

744. The Co-Chairs thanked the Secretariat representative and opened the floor for comments and questions.

745. Various Board members thanked the Secretariat for its work on USP-2; the Co-Chairs for leading the process and organizing the USP-2 workshop in Paris; and France for hosting the workshop. Some noted that the workshop had been particularly useful in revealing areas of divergence and convergence as well as potential ways forward.

746. A number of Board members considered the current draft of USP-2 to be well-structured and a significant improvement from the previous draft. Many said they looked forward to receiving the next draft, engaging in further active collaboration towards finalizing USP-2, and approving USP-2 at B.36.

747. Several Board members provided extensive comments and recommendations on the content of the draft. Common themes included the importance of emphasizing support for enhanced access and adaptation as well as highlighting the urgency of the current decade for climate action, particularly for the goal to limit global warming to 1.5 °C. Some also said that USP-2 should be consistent with and support nationally determined contributions (NDCs), adaptation plans and long-term strategies, while accounting for the financial resources and institutional capacity of GCF.

748. Moving to detailed comments, a Board member said that USP-2 should be guided by the Paris Agreement and the United Nations Framework Convention on Climate Change (UNFCCC) in addition to representing equity and common but differentiated responsibilities and respective capabilities. USP-2 should step up efforts to balance mitigation and adaptation in the GCF portfolio while considering cooperation and synergy with the newly established loss and damage fund. Furthermore, USP-2 should set up realistic targets and avoid imposing an extra burden on developing countries. The USP-2 goals on project development and pipeline should align with developing countries' needs, national circumstances and realities. The Board member also highlighted that human resources were valuable to GCF and a critical pillar of institutional capacity. Additionally, USP-2 should reflect the ambitions to optimize procedures and improve project efficiency and impact. This would be conducive to building GCF leadership and convening power and influence in addressing climate change.

749. One of the Board members representing the Group of Latin America and the Caribbean countries said the group intended to contribute constructively to USP-2 discussions even though it had missed most of the discussions thus far. USP-2 was critical to the second replenishment. The important strategic decisions in the document on positioning and

programmes should match the urgency of climate change in order to make significant and ambitious contributions to the objectives of the UNFCCC and the Paris Agreement. USP-2 should include an approach to loss and damage and its new fund, as well as align with the Kunming-Montreal Global Biodiversity Framework. Moreover, USP-2 should use agreed language from the Conference of the Parties (COP) to the UNFCCC. It should also contemplate windows of finance that were more sustainable and which accounted for the revision and update of national adaptation plans and results-based payments for REDD+. USP-2 should emphasize and strengthen the capacity-building of developing countries to better access funds, particularly through increasing direct access entities (DAEs) and continuing support to the Readiness and Preparatory Support Programme (Readiness Programme). Finally, the Board member was concerned about discussions on fragile and conflict-affected states and areas, the vulnerability of developing countries, and decarbonization.

750. The Co-Chairs asked the Board members to share their comments in writing with the Secretariat if available.

751. A further Board member said they supported the current structure of the draft and were pleased that it focused on results and included an implementation and review section. The Board member underscored that the focus of GCF should move from compromise to implementation. It should be known that GCF not only financed projects; it also delivered on its mandate and had real impact.

752. On the long-term strategic vision, the Board member believed its focus should be on answering the questions: (i) What was the added value of GCF?; and (ii) How could it contribute to the international climate finance architecture? The Board member believed GCF had a clear catalytic role, and the value added by GCF was through its role as facilitator and amplifier of climate action. While this view was included in the proposed vision, the Board member believed it should be highlighted at the beginning of the section in a clear and simple manner. On the midterm goals, the Board member was pleased that the goals went beyond artificial targets, promoted a holistic and cross-cutting approach, and were focused on what really mattered: results. On the timeline, the Board member wished to see robust midterm goals by 2027 or 2030 at the latest. 2035 was too far from the period covered by USP-2. These goals should be adapted to various scenarios, which would be useful in clarifying the links between contribution, catalytic capacity, and objectives.

753. Though the Board member supported the proposed goals, a goal on mitigation was missing. GCF should deliver on this area, as highlighted by the Governing Instrument for the GCF and given that 2024 to 2027 was a critical period for keeping the 1.5 °C goal within reach. On streamlining accreditation and re-accreditation processes and greening financial systems, the Board member supported the establishment of milestones and midterm goals for the decarbonization of overall accredited entity portfolios. Regarding strategic programming, GCF should take advantage of its strategic position to trigger the necessary increase in the level of ambition of NDCs, national adaptation plans (NAPs) and long-term strategies. This would help recipient countries reach cost-effective and transformational changes. Additionally, private sector involvement was crucial to innovation; therefore, having clear targets for private sector involvement would help foster this. On operational goals and institutional priorities, a transparency and accountability dimension should be included. GCF should seek to deliver in a transparent and accountable manner from access to project approval and implementation. In relation to this, the Board member stressed that it was vital to have information from the subproject level and expected this request to be included in USP-2. In seeking to encourage direct access, GCF should explore partnership between DAEs and multilaterals and IAEs. Moreover, to remain fit-for-purpose, GCF should explore a range of ways for countries to access GCF beyond institutional accreditation. While the project-specific assessment approach was one

option, GCF should be open to new and innovative access solutions. Lastly, the Board member supported the proposal to encourage a multilanguage environment.

754. Regarding the timeline of goals, a second Board member encouraged setting targets for 2024 to 2027 based on the three financial scenarios. The midterm targets to introduce an additional layer of complexity were unnecessary and risked pre-empting the periods covered by the next replenishment cycles of GCF. On complementarity and coherence, cooperation with other climate finance providers, particularly multilateral development banks and climate funds, should be clearly outlined to avoid duplication and fragmentation. Additionally, the Board member expected higher ambition with regard to mitigation and private sector mobilization in line with the Paris Agreement. 2024 to 2027 was a critical period for the fight against climate change, and GCF should do its share in this regard. Also, the risk management system of GCF should be fit for it, as the world's largest climate fund with an increasingly diverse portfolio. Moreover, the Board member fully supported the focus on gender and vulnerable communities and integrating such groups and women as active agents of change. Many of the world's most vulnerable were affected by conflict and fragility and had received little support from GCF thus far. Lastly, the Board member called for increased engagement in USP-2 on mountain areas.

755. A third Board member noted that reference to forests, specifically low forest cover countries, was missing from USP-2. About 54 countries were considered to be in this category. These countries and the conservation of forests, especially in tropical areas, had a significant role in combating climate change. With this in mind, the Board member said that USP-2 should capture in one paragraph low forest cover countries and their role in addressing climate change.

756. A fourth Board member emphasized that USP-2 should focus on ways to scale up financing for adaptation, especially in the most vulnerable countries. In relation to this, the Board member drew attention to the evaluation of the Independent Evaluation Unit (IEU) on GCF investments in African States (see agenda item 19(a) of this report). USP-2 should respond to the challenges in Africa and other vulnerable regions, which would demand substantial capacity development and flexibility. Recalling that they had already submitted their USP-2 priorities in writing prior to the meeting, the Board member reiterated that the focus should be on building bridges where there were diverging views regarding USP-2. Noting that a helpful document on where views diverged and converged had already been drafted, the Board member said this would be a good basis for a structured discussion. Additionally, GCF should be clear on which 2020 to 2023 targets and objectives it had not met and why, and whether they were relevant or not. The Board member strongly supported focused and specific targets on locally-led adaptation and nature-based solutions. In this respect, GCF should set a specific target for nature-based solutions that would be financed by private funds, and not only by grant funding as mentioned in the current draft. Furthermore, GCF should be ready for the upcoming negotiations at the twenty-eighth session of the COP and have a prepared response to the different scenarios and roles the COP might mandate GCF, including issues around loss and damage. The Board member emphasized the need for more private funding, as public funding alone was insufficient. Also, USP-2 should contain strengthened language on reaching the 1.5 °C target and explain how GCF would channel and catalyse financing that would help transform economies and pave the way for achieving global climate goals. Lastly, in terms of process, the Board member reiterated the importance of joint understanding within GCF that USP-2 should be adopted at the next Board meeting (B.36) in July 2023. This would demonstrate the determination and clear vision of GCF to potential contributors. To conclude, the Board member said they could agree to the decision contained in annex I to document GCF/B.35/16.

757. The Co-Chairs said that they would be discussing the USP-2 process and roadmap after the Board members' comments. They also clarified that they intended for USP-2 to be adopted at B.36.

758. A Board member wished to note, for the record, Sweden's thanks to the outgoing Executive Director, Yannick Glemarec, for his service and leadership. Mr. Glemarec had led GCF towards maturity and through the development of USP-2. Regarding the document, the Board member considered it well-structured, with a clearly defined long-term vision, midterm goals, programme objectives and operational priorities. They also welcomed the direction of the strategy as outlined. As for the midterm goals, the Board member preferred a more explicit approach to investing in transformative projects and programmes, reflecting the urgency to decarbonize economies and move towards a sustainable pathway in line with the Paris Agreement. Such language should be reflected in a separate midterm goal to be reached by 2027.

759. Moving to the strategic programming objectives, on objective 1, the Board member said the text rightly addressed the need to build capacity to translate NDCs and other climate strategies into investment plans and programmes as they were key documents that expressed country priorities. On objective 2, the Board member welcomed this objective and wished for stronger emphasis on private sector engagement. On objective 3, the reference to countries that were particularly vulnerable to climate impacts, including small island developing States, least developed countries (LDCs) and African States, was important. On objective 4, this objective was extremely important as it spoke to the convergence of climate and development policies. The Board member welcomed that GCF positioned itself at the centre of government policies and actions while preserving the integrity of its mandate, thereby contributing to critical climate expertise. On objective 5, the Board member strongly supported this and agreed with the elements to support the objective. Lastly, the Board member looked forward to the Board coming together as one to agree on USP-2 at B.36, which would lead GCF forward in strengthening implementation according to its mandate.

760. Noting that the allotted time for the day's session had run out, the Co-Chairs asked the Board for a time extension in order to conclude the discussions on the current agenda item. There were no objections.

761. A further Board member stressed that GCF should be fit for LDCs, noting that most of the members of the Least Developed Countries Group were sceptical about GCF due to the difficulty in accessing its resources. USP-2 should address this issue and consider the findings and recommendations of IEU reports. Moreover, the current draft should take a more balanced approach in reflecting the vision of GCF in line with what was stated in the Governing Instrument. Actions to support the paradigm shift towards low-emission and climate-resilient development were part of the scope of GCF work and should therefore be part of USP-2. Supporting developing countries in implementing the UNFCCC and the Paris Agreement required GCF to focus efforts on channelling and providing financial resources to funding proposals for the effective implementation of developing countries' NDCs, NAPs and other action plans. These elements should be clearly reflected in the long-term strategic vision of USP-2 and across all its components. In particular, direct access should be prioritized in USP-2 to channel resources for the implementation of national action. Easy, simplified and efficient access to GCF resources should be a priority as well. Finally, GCF engagement in activities on greening the financial system and financing untested climate innovations should be further discussed.

762. A second Board member welcomed the streamlined document, whose technical elements would be elaborated further in workplans. The Board member believed the current draft was a good basis for moving forward swiftly towards approval by B.36. However, more ambitious language was needed on the contribution of GCF to the implementation of all three Paris Agreement goals. More ambition was also needed in the scaling up of private sector investment and a more efficient and fit-for-purpose strategic framework for accreditation. It

was important to further explain the added value of GCF in the climate finance architecture by clarifying its risk appetite in terms of de-risking investments depending on the specifics of different markets, beneficiaries and types of intervention. The Board member appreciated the pragmatic approach to the midterm goals, noting that some clarity was still needed on the technical and information sources that could be used to clearly determine the goals. Moreover, it was important to link USP-2 to support for transformative, paradigm-shifting and bankable investments that were aligned with NDCs and other national climate strategies.

763. The Board member also supported all five of the strategic objectives. On objective 1, the Board member supported strengthening the Readiness Programme, adding that more support should be provided on the alignment of GCF with NDCs, NAPs and other national strategies and plans. Capacity-building should also be fostered for adaptation planning, particularly in the context of innovative finance and scaling up of private sector investment in adaptation. On objective 2, the Board member wished to see a more strategic approach in GCF for the role of innovative financial instruments within the management of the project pipeline, in particular with regard to adaptation. On objective 3, the Board member supported the focus on adaptation, provided this was not at the expense of mitigation investments. The Board member said that references to vulnerability should be limited to aspects related to urgency. Also, long-term adaptation planning should be based on the value added of GCF to catalyse innovative financial instruments and scale up private finance. On objective 4, there was a need to better clarify the scope and meaning of a just system transition in various sectors and where GCF had a role. The Board member appreciated the focus on improving the role of GCF towards enhanced action, private sector mobilization and access to climate finance. Improvement in the accreditation of GCF partners could also be highlighted. On objective 5, the Board member welcomed and strongly supported this objective, and looked forward to more ambitious wording that would enforce the catalytic role of GCF. The Board member broadly supported the operational and institutional priorities, including strengthening the objective for better governance and policy update for accreditation. Lastly, allowing for a multiannual budget framework required strengthening the impact orientation of budgeting processes.

764. In the interest of time, a third Board member referred the Board to the written comments they had previously submitted for more detailed input. The Board member welcomed the draft and its structure, which was aligned with the guidance the Board had provided at B.34. The Board member also welcomed the focus on the greening of financial systems in the midterm goals and strategic objectives as well as the strengthened support for resilience and adaptation, increased Readiness Programme support and focus on improving access to GCF as a top operational priority for GCF-2. The Board member believed the draft could be improved by more clearly articulating: the urgency and necessity of a high-impact GCF strategic plan; the urgency of the current critical decade in addressing the climate crisis and keeping the 1.5 °C goal within reach; and how GCF could play a key role in this regard by becoming more ambitious, more transformative, stronger and more accessible.

765. In terms of the long-term vision, the language should be improved to reflect this urgency as well as the critical decade leading up to 2030 and the need to halve global emissions by then based on the latest Intergovernmental Panel on Climate Change (IPCC) reports. The Board member added that this vision should be politically appealing and show why GCF was the key instrument to implement the Paris Agreement. One way this could be done was by reflecting language from the Glasgow Climate Pact. As for the midterm goals, there was a need to clarify 2027 versus 2030 and 2035 goals. Some suggestions had already emerged regarding this since the USP-2 workshop in Paris. It was important to reflect the need for systems transition impact goals for 2027 as well as the need to scale up key solutions to achieve the 1.5 °C limit and transformational adaptation, keeping in mind that GCF-2 took place during this critical decade. On system transitions, the Board member highlighted the need for benchmarks beyond

electricity, including decarbonization goals. A reference to the global goal of stopping deforestation by 2030 should also be clearly reflected in USP-2. To conclude, the Board member conveyed strong support for the improved focus on access and all relevant aspects to improving access to GCF, specifically predictability and efficiency, regional presence, reducing bureaucracy and administrative burden, enhancing differentiation, and other elements raised in the Second Performance Review of the GCF (SPR).

766. A fourth Board member also welcomed the draft and noted that, in addition to the structure, the content had also improved and was more focused in terms of what should be in a strategic document. The Board member supported the draft's reflection of GCF as a fund that should evolve with its scale and maturity and its role in the larger climate finance landscape as an accelerator for action. They were also pleased with the strong emphasis on de-risking private investment in developing countries and the priority given to improving access. On access, this issue should be presented more clearly early in the strategy given that this was a key feature of USP-2. It should also contain language that reflected the outcome of COP 15 and the role of GCF in this regard. With regard to the vision, the text should be aligned with the Governing Instrument. It was clear from the Governing Instrument that GCF should channel financial resources and catalyse climate finance from both public and private sources. Acknowledging that some were questioning the role of GCF in catalysing finance, the Board member said there should therefore be discussions on the balance between channelling and catalysing. The Board member supported the increasing focus on the catalysing role of GCF. GCF should support efforts to shift larger overall volumes of finance and work as an accelerator and amplifier, while building on its relative project size, instruments and risk appetite to play a scaling up role. USP-2 should clearly reflect this.

767. The Board member fully supported the five proposed objectives, particularly the strong focus on access, coalitions for a just transition and greening financial flows. They appreciated the focus on just transition in the midterm goals, including the mentions of ecosystems and food systems. The Board member believed investments in forestry, food systems and oceans were critical. Additionally, the goals of USP-2 should be achievable and measurable. However, some of the proposed goals did not meet these criteria, and it was not clear how GCF would contribute to these goals given that some of them were global. Also, the link between the 2027 goals and the 2030 midterm goals was not sufficiently clear. It was critical that USP-2 included funding scenarios, outlining potential trade-offs and results that could be achieved depending on funding level. Moreover, GCF should explore ways to ensure a more efficient accreditation process, such as through further delegation of authority and clarifying governance. Finally, USP-2 should further articulate the complementarity and coherence of GCF with other funds and mechanisms, as well as its partnership approach, which should go beyond UNFCCC bodies. The Board member looked forward to receiving the revised draft and to the proposed informal meeting in May 2023. As the approval of USP-2 was very important to so many, the Board member hoped the Board could come together to approve USP-2 at B.36.

768. Another Board member thanked the Secretariat for its work, particularly the clear summary of convergence, divergence and further work with regard to USP-2. They welcomed the convergence on the importance of improving access. The Board member also strongly supported the elevation of access in USP-2 by clearly presenting how it would be addressed in the programming and operational objectives as well as the level of ambition of GCF across the dimensions of access. In relation to this, it was important that USP-2 clearly articulated the country partnership offer of GCF and its capacity-building approach. It should explore differentiated approaches for countries with differing levels of capacity, including those affected by conflict and fragility and countries with no approved GCF funding proposal to date. It was also important to make progress on regional presence and, as identified in the SPR, rethink the approach to accreditation. The Board member underscored the need to enhance support for

adaptation, with a focus on reaching countries most vulnerable to climate change. In that regard, the Board member suggested setting a target to maintain or exceed the 69 per cent allocation of adaptation funding to SIDS, LDCs and African States. The Board member also wished to see a focus on mainstreaming nature-based approaches as well as efforts to reach the most marginalized through a disability action plan. On the midterm goals, the Board member suggested using the latest IPCC statistics as a basis for all goals related to the work of GCF. This could be framed as the contribution of GCF towards a wider global goal. While the midterm goals required more refinement, the Board member welcomed their addition as a way to understand how GCF contributed towards the long-term pathways to achieving the goals of the Paris Agreement.

769. A Board member said they could support the overall direction of the long-term vision and midterm goals. On mitigation, Japan considered it important to strengthen capacities for NDC implementation as well as to update these NDCs during the GCF-2 period as many developing countries were expected to update their NDCs in 2025. In addition, forestry and agriculture should be more explicitly mentioned as priority sectors as emissions from forests and agriculture accounted for 23 per cent of global emissions and were therefore important sectors for achieving carbon neutrality. Finally, while GCF should be ambitious, ambition and strategic direction should align with available resources, as suggested by the IEU in the SPR.

770. The Board member from France highlighted the improvement of USP-2 thus far vis-à-vis USP-1. The Board member underscored that, through the midterm goals in the current draft of USP-2, GCF had a way to explain to all its partners what they could expect from GCF in the coming years. The Board member then drew attention to the question of process and asked how GCF intended to deliver and adopt USP-2 by B.36. The Board member noted that one fruitful result of the informal USP-2 workshop in Paris was that the Board had been able work through different types of issues and had classified them under non-contentious issues, issues where more work was needed, and potential sticky issues. The Board member believed this was a good idea as each classification would have to be treated differently. Moreover, these classifications could be used to organize the Board's work on USP-2 leading up to B.36. For example, the next USP-2 draft could be more specific with regard to non-contentious issues. On the other hand, the other categories would require more work through a process to be determined by the Board.

771. The Board member was particularly keen to engage and find middle ground for the issues around access. The Board member also looked forward to engaging on the sticky issues regarding governance and how to articulate the mission of the Co-Chairs, the Board and the Secretariat; the private sector and how GCF could catalyse funding to leverage its actions; and greening finance and how this objective could drive national, regional and public institutions towards a path of low-emission and climate-resilient solutions. Finally, the Board member also looked forward to engaging on issues around readiness and accreditation, emphasizing that these policies were key to better supporting the most vulnerable countries with limited financial and technical resources. To conclude, the Board member reiterated the importance of process in finding solutions and compromise. Specifically, if the Board wished to reach a compromise by B.36, more work should be done on matters categorized under potential sticky issues and issues where more work was needed.

772. The Co-Chairs took the opportunity to thank the Board member from France and the French Government for hosting the recent USP-2 workshop in Paris. It had been useful to have a venue for the free exchange of views. The Co-Chairs had hoped that all developing country participants could have joined, but this had not been possible due to logistical reasons. Nonetheless, many Board members had joined virtually and provided valuable inputs.

773. Though supportive of the updated and simplified structure of the current draft, a final Board member did not support limiting goals to the GCF-2 period. The midterm goals should, on

the one hand, be fit-for-purpose and align with the needs and priorities set out in the current NDCs of developing countries and, on the other hand, also indicate goals for the period beyond GCF-2. USP-2 should have a small set of comprehensive goals that would be expanded on by Board decisions on resource allocation and monitored against the Integrated Results Management Framework. The Board member cautioned that the current draft attempted to cover too many areas and it would lose all impact in attempting to do so many things at once. USP-2 should focus on ensuring that GCF moved from channelling only 2 per cent of global climate finance flows in 2020 to at least 10 per cent by 2030 in order to serve developing countries in this critical decade of action. To do this, USP-2 should point to how GCF could programme over USD 3 billion per year over the GCF-2 period. The current draft also contained too many objectives. The Board member did not agree with the term climate investment capacities and the objective of greening financial systems. The objectives should instead target key areas where GCF could actually achieve impact. Furthermore, the focus on financial innovation and the role of the private sector should be balanced as the majority of climate priorities in developing countries remained under primary public sector investment. USP-2 should contain core long-term objectives to build the in-country capacity of NDAs, DAEs and other national institutions, including the private sector, recognizing that only a handful of these institutions needed to be strengthened in order for them to manage and mobilize the finance required to affect NDC implementation.

774. An active observer for civil society organizations (CSOs) was invited to take the floor.

775. The active observer said that USP-2 should significantly expand the GCF approach to direct access without compromising its good practice standards and policies and the quality and sustainability of its projects. It should also clarify the meaning of ‘innovation’ and ‘just transition’, and move away from a focus on technological and financial innovations and de-risking approaches to one that included bottom-up innovations based on traditional and indigenous science, knowledge systems and practices. These bottom-up approaches provided real, proven climate action as opposed to unproven technofixes.

776. Additionally, in USP-2, GCF should maintain its character as a direct provider of funding. GCF should focus its private sector engagement primarily on the local private sector, especially micro, small and medium-sized enterprises in developing countries. This was in line not only with the guidance coming out of COP 27 but also with the IEU assessment of the portfolio in African States, which had found that micro, small and medium-sized enterprises constituted the vast majority of private sector actors in Africa and should be targeted for their participation. This recommendation was relevant not only for African States, but also for all other regions. In working with other investors, GCF should improve the transparency and accountability of programmes led by these investors and ensure the timely disclosure of information on subprojects.

777. The CSOs wished to remind the Board of the responsibility to centre human rights in implementing the Paris Agreement. Instead of centring human rights, this draft proposed a downward harmonization of “substantial equivalence” by suggesting that accredited entities could apply their own systems and policies, thus undermining GCF as a best-practice standard setter on policies and frameworks related to environmental and social safeguards, gender, indigenous peoples, and redress and complaints procedures. GCF should use its role to build capacity and harmonize standards upward for more transformative and effective climate action. USP-2 should lay out clear strategies for indigenous peoples’ engagement and access in GCF and, more generally, it should be centred on human rights and promote gender equality, thus reflecting the responsibilities of countries and implementing partners to centre human rights in implementing the Paris Agreement.

778. The Co-Chairs thanked the active observer for the valuable comments.

779. They drew the attention of the Board to the USP-2 roadmap contained in document GCF/B.35/16, which had been developed by the teams of both Co-Chairs with inputs from Board consultations. This roadmap was designed to ensure an open, inclusive and transparent process for the further development, negotiation and adoption of USP-2 at B.36. The fruitful feedback and discussions from the 1 March 2023 workshop in Paris, along with written comments on the first draft and input from the Board at the current meeting, would inform the second draft of USP-2. The Co-Chairs intended for this second draft to be circulated to the Board by the first week of May 2023. This draft would be the primary input to the informal Board meeting on USP-2 on 16–17 May 2023, as indicated in the draft decision before the Board. Meanwhile, this informal Board meeting would serve as the primary input to the third draft of USP-2, ideally the final draft, which would be issued no later than 21 days before B.36 in July.

780. The Co-Chairs drew the Board's attention to the draft decision in annex I to document GCF/B.35/16. They requested the Secretariat to display the decision text on the Boardroom screen and opened the floor for comments.

781. The Board member from Germany said that their government wished to offer to host the informal Board meeting on 16–17 May 2023 at the Federal Foreign Office in Berlin. They looked forward to welcoming the Board to Berlin to develop a final draft of USP-2 so that a decision on this important matter could be taken at B.36.

782. The Co-Chairs thanked the Board member and the Government of Germany for offering to host the informal meeting of the Board in May, which would be an important opportunity to make progress on USP-2.

783. They then invited the Board to adopt the draft decision in annex I to document GCF/B.35/16.

784. Seeing no objections, the decision was adopted.

785. The Board took note of document GCF/B.35/16 and its addendum Add.01 titled "Updated Strategic Plan for the GCF 2024-2027: Co-Chairs' roadmap".

786. The Board adopted the following decision:

DECISION B.35/13

The Board, having considered document GCF/B.35/16 and its addendum Add.01 titled "Updated Strategic Plan for the GCF 2024-2027: Co-Chairs' roadmap":

(a) Takes note of the Co-Chairs' roadmap setting a process to facilitate the adoption of the updated Strategic Plan for the GCF: 2024-2027 no later than the thirty-sixth meeting of the Board;

(b) Decides to hold an informal meeting of the Board, open to active observers, from 16 to 17 May 2023 in Berlin, Germany, with a view to developing a final draft of the updated Strategic Plan for the GCF: 2024-2027; and

(c) Also decides that the cost of the informal meeting will be covered by the budget of the Board for 2023, as approved by decision B.34/05.

Agenda item 17: Matters related to the independent units

787. This agenda item was considered in executive session.

788. No decision was taken under this agenda item.

Agenda item 18: Consideration of Independent Redress Mechanism compliance report C-0006

789. This agenda item was considered in executive session.

790. The Board took note of limited distribution documents GCF/B.35/Inf.13 titled "Management response to the Compliance Review Report: C-0006-Nicaragua: GCF Project FP146: Bio-CLIMA" and GCF/B.35/Inf.14 titled "Legal assessment pursuant to decision B.34/21".

791. The Board adopted the following decision:

DECISION B.35/14

The Board, having considered limited distribution document GCF/B.34/15 titled "Compliance Review Report: C-0006-Nicaragua: GCF Project FP146: Bio-CLIMA: Integrated climate action to reduce deforestation and strengthen resilience in BOSAWÁS and Rio San Juan Biospheres" and limited distribution document GCF/B.35/Inf.13 titled "Management response to the Compliance Review Report: C-0006-Nicaragua: GCF Project FP146: Bio-CLIMA":

(a) <u>Underscores</u> the seriousness, as reflected in the Indigenous Peoples Policy, of GCF's role in fostering the full respect, promotion, and safeguarding of indigenous peoples;

(b) <u>Recalls</u> decision B.34/23;

(c) <u>Takes note</u> of the management response in limited distribution document GCF/B.35/Inf.13;

(d) <u>Confirms</u> that this decision is without prejudice to any and all rights of GCF under relevant legal agreements, all of which are specifically reserved; and

(e) <u>Decides</u> that the Board will continue to consider this matter at its thirty-sixth meeting.

Agenda item 19: Evaluations conducted by the Independent Evaluation Unit

792. The Co-Chairs opened the agenda item and informed the Board that, among the evaluations that had been conducted by the Independent Evaluation Unit (IEU), they would first consider the evaluation on the relevance and effectiveness of GCF investments in African States.

(a) Relevance and effectiveness of the GCF's investments in African States

793. The Co-Chairs opened the agenda sub-item and drew the attention of the Board to document GCF/B.35/08 titled "Independent evaluation of the relevance and effectiveness of the GCF's investments in the African States: Final Report". The Secretariat's management response to the evaluation was also presented to the Board in the addendum to the document.

794. The Co-Chairs invited representatives from the IEU to introduce the report.

795. Principal Evaluation Officer, Daisuke Horikoshi, summarized the findings of the evaluation. The IEU had found that nearly 60 per cent of approved GCF financing for African States had gone to mitigation result areas. Accessing GCF funding also continued to be a

challenge for African States. To date, 6 African countries did not have GCF projects while 17 African countries did not have single-country GCF projects.

796. The following were some of the key challenges in accessing GCF funding. For accreditation and the Readiness and Preparatory Support Programme (Readiness Programme) processes, the lengthy and complicated approval process and language-related barriers were some of the primary challenges. The evaluation had found that the average length of accreditation and Readiness Programme processes had increased during GCF-1. Furthermore, 41 out of 54 African countries did not have direct access entities (DAEs). In the project appraisal and approval stage, challenges included high operating costs, particularly for vulnerable countries; insufficient accredited entity (AE) fees to cover costs; high upfront costs for proposal preparations; and lack of consideration for country context. As for the post-approval and implementation stage, the evaluation had found that the length of time from approval to first disbursement was longer for projects in African countries. Additionally, the IEU had found that countries were concerned that the lack of GCF presence in their countries compromised efficient communication. Lastly, high operating costs were a key challenge in Africa across all stages of GCF programming.

797. The Head of the IEU, Andreas Reumann, provided an overview of the key recommendations across six areas. In summary, the recommendations were to focus more on addressing adaptation needs in Africa; strengthen the framework of complementarity and coherence at country and project levels; clarify the roles of countries; remove barriers to access; enhance stakeholder engagement; and consider a comprehensive and integrated learning and knowledge management approach.

798. The Co-Chairs thanked the IEU representatives for the presentations and invited the Deputy Executive Director, Henry Gonzalez, to present the management response of the Secretariat to the evaluation.

799. The Secretariat welcomed the evaluation report and thanked the IEU for its work. The report offered valuable insight into the mandate of GCF and its efforts to ensure effectiveness and efficiency in reducing vulnerability to the consequences of climate change in Africa. The Secretariat was working to address the findings and recommendations through the continued development of USP-2, alongside the forthcoming strategies on the Readiness Programme and the Project Preparation Facility. Mr. Gonzalez clarified that with regard to the share of mitigation and adaptation projects in Africa, the share was 56 per cent for adaptation and 44 per cent for mitigation in grant equivalent terms as of B.34. The discrepancy between the Secretariat and IEU figures was due to the IEU’s use of nominal terms while the Secretariat used grant equivalent terms.

800. On addressing adaptation needs in Africa, it was important to note that the continent’s project portfolio was heterogeneous. As the portfolio would need to account for specific country needs, the suggestion to shift towards adaptation as a whole would not reflect the real needs of each country.

801. Regarding the review process period between approval and disbursement, given the efficiency gains and increase in Secretariat capacity, it had been reduced from 22 months to 11 months. Though the Secretariat was striving to improve further, it should be noted that the level of commitment authority was also a consideration when reviewing funding proposals.

802. On complementarity and coherence, the Secretariat was promoting complementarity and coherence at the national designated authority (NDA) and country level and among AEs and other funds. The co-creation of investment planning was an important step to ensure this.

803. On country ownership and institutional capacity, the Secretariat had noted that activities within country programmes had not been developed solely for GCF funding but to provide an overview of how the country intended to realize its nationally determined contributions (NDCs). It was therefore important to determine what role GCF could play in line with country priorities. To this end, the Secretariat was revising the country ownership guidelines and developing a new Readiness and Preparatory Support Guidebook. Moreover, as stakeholder engagement required capacity, the updated Readiness Programme strategy would also be proposing relevant measures to expedite dedicated support for entities seeking Readiness Programme support, particularly DAEs.

804. On access and partnership, the Secretariat had been working with the Board to develop the accreditation strategy to clarify the range of partnership types available. These included as an AE, an entity under the project-specific assessment approach, an executing entity or as a delivery partner under the Readiness Programme. While the Secretariat recognized the high costs of doing business in many of its partner countries, it preferred to focus on efficiency and effectiveness in its fee structure instead of raising the caps.

805. On enhancing engagement, during the COVID-19 pandemic, GCF had not been able to visit project sites and partners. The resumption of in-person engagements was expected to help in determining ways GCF could improve its work with partners. The Secretariat was also seeking to overcome some barriers such as languages, to the extent possible, within its authority. The Secretariat communicated and provided materials in the partner's language when possible.

806. On enhancing knowledge management, in 2023 the Secretariat would be launching a new learning loop exercise on the project cycle to enable it to systematically confirm or inform assumptions made during project appraisal on climate impact, technical soundness, commercial soundness, efficiency/effectiveness of policy de-risking instruments, country ownership, co-benefits and risks. The Secretariat would also be looking into various options for designing tailored, Africa-led and independently verifiable assessments of gender transformation and other matters. Additionally, the Secretariat would continue working with the Indigenous Peoples Advisory Group and seek advice on aligning monitoring and reporting approaches with the Indigenous Peoples Policy.

807. Mr. Gonzales thanked the IEU once again for the important and timely evaluation. The Secretariat looked forward to continuing its work with partners throughout Africa to improve the effectiveness of GCF programming.

808. The Executive Director, Yannick Glemarec, took the floor to repeat that the discrepancy between the figures presented by the IEU and the Secretariat on the portfolio share of adaptation and mitigation had to do with the use of nominal terms by the IEU and the use of grant equivalent terms by the Secretariat.

809. The Co-Chairs thanked the Secretariat for the comprehensive management response to the evaluation. They said the discrepancy in reported numbers should be addressed as it was important to have a clear view of the status of work when making assessments and reflections.

810. They invited the Board to adopt the draft decision in annex I to document GCF/B.35/08 and opened the floor for comments.

811. Many Board members thanked the IEU for the useful and detailed report and the Secretariat for the management response.

812. One Board member said the findings were alarming and overwhelming, particularly the finding that GCF provided the lowest average funding per project to Africa, compared to other regions, despite the fact that Africa contributed the least to global emissions. Noting that the

GCF portfolio in Africa was mitigation-focused, the Board member highlighted that adaptation in general as well as national adaptation plans and NDCs were a priority for Africa. However, fewer adaptation projects reached the approval stage as they required more information and justification. Also, many were rejected by the independent Technical Advisory Panel (iTAP) on the basis of climate rationale. This was a recurring and critical challenge, including for the current meeting, where a regional DAE adaptation project could have been presented to the Board but had not been endorsed by iTAP.

813. Moreover, the evaluation had found that national DAEs had withdrawn 45 projects due to the lengthy and bureaucratic process. It was concerning that the submission of concept notes was decreasing due to the inefficiency of GCF and the time and resources consumed by redundant and overlapping operational policies. It was also concerning that 6 African countries had no GCF project at all, while 44 African countries had no national DAE project. These findings were alarming and concerning. Furthermore, DAEs faced challenges in terms of lack of flexibility, clarity and consistency in the processes and procedures of GCF. The Board member noted the findings that Readiness Programme support was ineffective for African States due to high transaction cost. In addition, the processing time for accreditation had increased to 728 days on average. This was a serious barrier that should be addressed immediately. The Board member recounted that one entity had waited two years to be accredited using the fast-track process and, in addition, it took over four years for its accreditation master agreement to be effective. The Board member also highlighted that for national DAEs, it took 622 days to receive accreditation. Delayed disbursement was another serious challenge. The average review time for approved projects in Africa prior to disbursement was 396 days.

814. The Board member welcomed the recommendations of the IEU and urged the Board to take a decision at the current meeting to address the aforementioned challenges. The Board member also noted that the Secretariat's management response mostly agreed with the recommendations. The decision text should include a focus on programming across adaptation result areas; directing Readiness Programme resources towards NDC focal points; addressing high transaction costs for participating in the Readiness Programme; revisiting accreditation requirements and processes for NDAs with the goal of reducing transaction costs; and revising the GCF Policy on Fees for AEs operating in Africa to address the high operating cost of working in the continent. The African Group of Board members had worked closely with the IEU and other Board members to present a revised decision text to the Co-Chairs to take forward several IEU recommendations. While these recommendations emanated from the evaluation of GCF investments in Africa, they were equally relevant to other developing countries and were consistent with similar recommendations the IEU had made regarding small island developing States (SIDS) and least developed countries (LDCs). It was important that the Board took a decision at the current meeting to address the plethora of constraints and challenges highlighted in the evaluation.

815. The Co-Chairs suggested considering the revised decision text proposed by the Board member after the first round of comments. This was affirmed by the Board member.

816. A further Board member aligned with the previous Board member and emphasized that support to DAEs should be comprehensive. Being able to complete the accreditation process did not always mean the DAE had the resources to develop GCF projects. This issue would also impact their re-accreditation. Regarding the evaluation, the Board member was concerned that generalizations about Africa might have been made and therefore wished for more information about the methodology the IEU had used for the report. Lastly, on the total lack of GCF presence in some African countries, the Board member wished to know how this would be addressed. The Board member believed empowering DAEs to be fully operational would contribute to GCF presence in these countries.

817. A second Board member highlighted the recommendation to shift the portfolio towards greater emphasis on adaptation. This was consistent with the needs expressed not only by African States but also other developing countries. Given the current debt crisis in most developing countries, the Board member also supported the recommendation that GCF should focus on a greater number of smaller and more accessible national-level grant-based projects, particularly in LDCs. There were several similarities between the findings of this evaluation on African States and the evaluation on LDCs, especially in terms of adaptation actions, access to GCF resources and the need to strengthen capacity at various levels.

818. A third Board member acknowledged comments made earlier in the meeting that GCF should put forward a positive image, especially in the context of the replenishment. Though the Board member agreed with this, as someone from a recipient country, it was difficult to rationalize this positive image after hearing the statistics on GCF investments in African States. The Board member was puzzled by the Secretariat's response that the high number of mitigation projects in Africa was country-driven. Adaptation was prioritized in the work programmes and NDCs of African countries, and though adaptation projects were being submitted to GCF, these were not being brought to the Board. The Board member noted that other funds, such as the Adaptation Fund and the Global Environment Facility, performed better in terms of their work in Africa. This pointed to something in the policies of GCF that should be resolved. The Board member also noted the similarity of the recommendations to those that had been provided in the evaluation of GCF investments in SIDS. Given that Africa had a larger population than SIDS, Africa likely had a larger capacity, and therefore any claim that programming issues in Africa were associated with lack in capacity would be untrue. The Board member said that though capacity could certainly be an issue, it did not seem to be the main barrier to improving programming in Africa. GCF should not continue expending resources on capacity and readiness without first determining and understanding the main barriers, which might have little to do with capacity to begin with. These problems should be identified and understood so that both GCF and its partners could work together to resolve them. With regard to the issues on access, the Board member highlighted that other funds, like The Global Fund and the Global Environment Facility, processed almost as much money as GCF but much more quickly and nimbly. GCF should seriously consider all these issues, especially as it approached another replenishment.

819. A fourth Board member requested that the IEU also carry out an evaluation of the relevance and effectiveness of GCF investments in other regions, particularly in the region of Latin America and the Caribbean (LAC). To this end, the Board member asked if the decision text could be revised to include this request. Lastly, the Board member said the Secretariat and the IEU should use the same units or methodologies when reporting on data for better transparency and efficiency.

820. The Co-Chairs invited an active observer from civil society organizations (CSOs) to take the floor.

821. The CSOs welcomed the results of the evaluation which, though targeted to the special circumstances of the African States, could support broader lessons that applied to many developing countries in other regions as well.

822. They were deeply concerned about the finding that the GCF portfolio in Africa was skewed towards mitigation, despite the importance of adaptation for the continent. This bias towards mitigation was, in their view, the result of the pervasive notion in GCF that the "bankability" of an action was the main measure of its worth, even though many adaptation projects could provide transformational change despite not being "bankable". For that reason, the CSOs fully supported the IEU recommendation that GCF should provide more funding in the form of grant finance for smaller, more impactful and locally-led adaptation projects across the

continent, including by more actively considering CSOs in local climate action management and by providing them with capacity-building and direct access. GCF should apply this across its entire portfolio and policies, including updated Strategic Plan for the GCF 2024–2027 (USP-2).

823. The importance of direct access to African States was clearly highlighted by the report, which showed many of the benefits of direct access, including higher performing projects. GCF should provide better and more targeted support to DAEs, and also simplify and make its own processes more transparent for accreditation, re-accreditation, and funding proposal assessment and approval. GCF should better target its processes to the different types of entities, without compromising on strong safeguards and strong gender and indigenous peoples' policies. USP-2 should have a specific goal on the level of financing flowing through DAEs that was significantly higher than the current levels.

824. In its review of the Readiness Programme, the GCF Board should also take into account the IEU finding that many countries, particularly the most vulnerable ones, had difficulties accessing Readiness Programme support, which was unacceptable. GCF should revise its procedures for accessing this support to ensure more equitable access. GCF should also find better ways of working with and supporting the roles and capacity of NDAs to develop national coordinating mechanisms – which could design, plan or assess funding proposals that responded to countries' needs and priorities as well as ensure meaningful stakeholder engagement before the issuance of no-objection letters – and to perform participatory monitoring and evaluation.

825. The CSOs fully supported the recommendation of the IEU that GCF should place the highest emphasis on the local private sector, especially micro, small and medium-sized enterprises, in all of its policies and operations, particularly USP-2 and the Private Sector Strategy. This should be the main priority of GCF in relation to the private sector in all instances.

826. Finally, based on the findings of the evaluation, GCF should improve the implementation of its Gender Policy by ensuring that AEs mainstreamed gender aspects in the funding proposals instead of presenting them only as a separate issue that had little bearing on the actual project/programme. At the same time, GCF should consider ways to engage with NDAs and other national-level stakeholders to ensure the implementation of its Indigenous Peoples Policy in Africa, including by consulting with the Indigenous Peoples Advisory Group.

827. A number of Board members took the floor to echo the request for the IEU to conduct an evaluation of GCF investments in the LAC region. One Board member said that coming from a developing country, they could relate to many of the findings of the evaluation, such as on adaptation needs, gaps in access, need for complementarity, language barriers, and problems related to indigenous communities and rural populations, among other things.

828. The Co-Chairs invited the Head of the IEU to respond to the comments.

829. Mr. Reumann thanked the Board and the active observer for their feedback. He also thanked the Secretariat for its support and cooperation on this evaluation. On GCF programming towards mitigation, Mr. Reumann clarified that the evaluation had analysed the portfolio in Africa according to results areas using the nominal values not to look at the balance between mitigation and adaptation per se but to determine the targeting of GCF thus far across results areas. The evaluation highlighted that 40 per cent of financing in Africa was in the results area for energy access.

830. As for the methodology used for the evaluation, the Head of the IEU explained that all independent evaluations undertaken by the IEU used the evaluation criteria set out in the Evaluation Policy, per decision B.BM-2021/07. For this specific evaluation, the IEU had also used a survey to gather further information from the ground as well as several case studies

related to a number of thematic considerations in Africa. In addition, the IEU had looked into the heterogeneity of the African continent under the question of relevance, effectiveness and efficiency of GCF operations, particularly in vulnerable communities and societies. For this, the IEU had used various proxies such as by looking at a subset of African LDCs and SIDS and considering the fragile, conflict-affected and violent (FCV) context of some African countries. Mr. Reumann emphasized that these considerations had not been intended for classification purposes but for examining the heterogeneity of the continent. A memorandum on this matter had been shared with the Board the day before.

831. On the requests to conduct a similar evaluation on GCF investments in the LAC region, the Head of the IEU said the three-year rolling workplan and objectives of the IEU contained a list of evaluations to be undertaken by the unit, one of which was an evaluation of the relevance and effectiveness of GCF investments in LAC. These requests would be considered in the IEU workplan discussions later in the year.

832. After thanking the IEU for its response, a Board member cautioned against making generalizations in these evaluations. The Board member noted that African countries that did not fall under LDCs, SIDS and FCV did not seem to be included in the report, and so the conclusions would presumably be tilted towards LDCs, SIDS and FCV countries.

833. A second Board member said that, coming from a contributor country, this evaluation was very important and they would be closely following the Secretariat's implementation of recommendations. The Board member also supported the request to conduct similar evaluations for other regions and emphasized the need to address issues on regional presence.

834. A third Board member also requested a similar evaluation for the Asia region and underscored the need for regional balance in the distribution of GCF resources.

835. The Co-Chairs recalled that the IEU would be considering requests to evaluate other regions when discussing its workplan later in the year.

836. They then drew the attention of the Board to the revised decision text proposed by the African Group of Board members. They requested the Secretariat to circulate the text and project it on the Boardroom screen.

837. A Board member from the African Group thanked fellow Board members for their shared interest in taking the recommendations of the evaluation forward, which would advance the work of GCF to support developing countries. The Board member said the African Group had been engaging on its proposed revisions to the decision since the day before and it believed the Board would be willing to adopt this decision. This, in turn, would help to advance work so that accessing GCF funds would be easier.

838. The Co-Chairs thanked the Board member and said that, as the decision text had changed significantly from the original, the Board would need more time to consider it. Meanwhile, the revised decision text would be circulated and the agenda sub-item would be suspended.

839. The agenda sub-item was suspended. It was not reopened.

840. The Board took note of document GCF/B.35/08 titled "Independent evaluation of the relevance and effectiveness of the GCF's investments in the African States: Final Report" and its addendum Add.01 titled "Management response to the Independent evaluation of the relevance and effectiveness of the GCF's investments in the African States".

841. No decision was taken under this agenda sub-item.

(b) Synthesis Report of the Direct Access Entity modality

842. The Co-Chairs opened the agenda sub-item and drew the attention of the Board to document GCF/B.35/09 titled "Independent Synthesis of Direct Access in the Green Climate Fund: Final Report". The Secretariat's management response to the report was also presented to the Board in the addendum to the document.

843. The Co-Chairs invited representatives from the IEU to introduce the report.

844. Evaluation Specialist Prashanth Kotturi provided an overview of the challenges direct access entities (DAEs) faced during accreditation, project approval and implementation, highlighting that the three key challenges of DAEs related to the: (i) high transaction costs of dealing with GCF at all stages; (ii) processes, instruments and tools that were not tuned to the relative challenges and importance of direct access; and (iii) unavailability of differentiated support per capacities of respective DAEs. Regarding the DAE portfolio concentration (in USD million), the IEU had found that only five DAEs accounted for 66 per cent of the DAE portfolio of GCF. Meanwhile, 63 per cent of DAEs had no approved projects, and only 12 per cent had more than one project. Twenty-nine of the 47 DAE projects were programmed by DAEs with more than one project with GCF.

845. The Head of the IEU, Andreas Reumann, then summarized the conclusions of the report.

846. First, guidance from the Conference of the Parties (COP) to the United Nations Framework Convention on Climate Change (UNFCCC) and the Governing Instrument for the GCF played a prominent role for direct access in GCF. However, direct access was implemented only through accreditation; there was no other effective modality established and used in GCF.

847. Second, GCF did not have a comprehensive country-driven approach to meet country priorities through direct access.

848. Third, institutional accreditation alone did not lead to successful programming within a reasonable timespan and did not determine the ability of entities to undertake climate programming. It also did not enable GCF to form in-country partnerships to meet country needs.

849. Fourth, the Head of the IEU reiterated that working with GCF entailed high transaction costs for DAEs. While GCF had a range of support programmes, they were often not differentiated or effective. Support programme processes and modalities were not attuned to the relative importance of direct access in GCF and had not been successful thus far in enabling direct access.

850. Lastly, the GCF business model lacked agility and adaptive management in implementation as the DAE portfolio matured and diversified. Moreover, it had limited effect and real-time implementation support and capacity-building to ensure the effectiveness of results. The current group of DAEs with projects was heavily biased in favour of high-capacity institutions.

851. Given these findings and conclusions, the IEU provided several recommendations across five areas. In summary, GCF should clarify the vision and purpose of direct access; provide options for countries to directly access financing through measures beyond accreditation; ease direct access; include a direct access lens in all tools and instruments; and enhance support for implementation.

852. The Co-Chairs thanked the IEU representatives and invited the Deputy Executive Director, Henry Gonzalez, to present the management response of the Secretariat to the synthesis report.

853. Recalling that direct access had also been discussed under various agenda items at the current meeting, the Deputy Executive Director said there seemed to be a general agreement that GCF should approach direct access more comprehensively. Mr. Gonzalez stated that, while some of the recommendations in the IEU report were already being implemented by the Secretariat, the others would be addressed through the continued development of USP-2 and the Readiness Programme and Project Preparation Facility (PPF) modalities.

854. On the recommendation to clarify the purpose of direct access, the Deputy Executive Director recalled that the Board had adopted an accreditation strategy that outlined how GCF would support DAEs. The Secretariat had also presented its DAE Action Plan to the Board in 2021. Moreover, the programming goals and objectives for DAEs would be updated as part of USP-2.

855. On providing options for countries to directly access financing beyond accreditation, the Secretariat was operationalizing the three-year pilot of the project-specific assessment approach (PSAA), which would be used to prioritize areas needed to further improve programming. Through the Readiness Programme, the Secretariat was actively supporting NDAs in the development of country programmes. There was also a direct access window in the draft Readiness Programme strategy that could be discussed at B.36.

856. On easing direct access through different approval channels, the Secretariat endeavoured to continue enhancing access by improving the transparency, predictability and speed of processes within its mandate. Appraisal guidelines had been published in 2022 to inform partners about what GCF looked for in its approval processes. The Secretariat was also implementing the measures in the updated simplified approval process as approved at B.32. The Deputy Executive Director said that GCF currently did not have differentiated approaches in reviewing funding proposals from DAEs as they must be reviewed based on project characteristics and risk, but the Board could choose to consider if tailored approaches were needed in this regard.

857. On including a direct access lens in all tools, modalities and instruments, Mr. Gonzalez recalled that the Secretariat would prioritize PSAA proposals from subnational and national DAEs during the first year of implementation, especially those from countries with no or few GCF projects. Moreover, the Secretariat was working to create dedicated windows for DAEs under the Readiness Programme and PPF. The Secretariat also proposed to expand the Enhancing Direct Access programme and other devolved financing approaches during the second replenishment period of the GCF (GCF-2).

858. On supporting DAEs during project implementation, the Secretariat was working closely with DAEs to review project progress and implement adaptive management measures. Support had also been enhanced through the portfolio performance management system and the publication of sectoral guides.

859. Finally, the Secretariat acknowledged that more work was needed to enhance direct access. With the guidance of the Board, the Secretariat stood ready to continue this work. Mr. Gonzalez thanked the IEU for the timely report, especially in the context of the development of the updated Strategic Plan for the GCF 2024–2027 (USP-2).

860. The Co-Chairs thanked the IEU and the Secretariat. They invited the Board to adopt the draft decision in annex I to document GCF/B.35/09 and opened the floor for comments.

861. Several Board members thanked the IEU for the timely and useful report on direct access, which was of critical importance to many. They also thanked the Secretariat for its response and work on this matter.

862. One Board member stressed that DAEs were extremely important to small island developing States (SIDS). Through experience in working with large entities, SIDS had learned that some small markets and populations were too small for large entities as the transaction costs were too high. As a result, many countries had negotiated for direct access under the auspices of the UNFCCC. The Board member recalled that this had been piloted in the Adaptation Fund (AF) and had been done really well. Having worked with both the AF and GCF, the Board member said it was noticeably easier to work with the AF. Many DAEs from Africa and SIDS were highly successful in their work with the AF. Entities also seemed to have better experiences working with the AF than GCF, and GCF was considered as a high maintenance partner. The Board member suggested that the Secretariat engage with the AF to understand the differences and how GCF could change to provide the same experience to DAEs.

863. Noting the IEU report's recommendation that GCF should consider a differentiated approach to entities, the Board member highlighted that the approach to larger entities seemed to be less onerous. The Board member wished to know whether a Board decision had provided guidance on this differentiated approach for large entities and how this approach had evolved within the Secretariat. The Board member then asked how DAEs could receive the same treatment. There seemed to be a perception in GCF that DAEs were high risk. On the other hand, in the AF, DAEs were preferred and felt like high-value partners. This high-risk perception in GCF should be addressed so that it could treat DAEs like the high-value partners they truly were.

864. A second Board member believed what was missing was a strong linkage to and participation of national designated authorities (NDAs). There should be robust collaboration between NDAs and GCF in country programming. Through this, NDAs would determine projects based on country needs to ensure full country ownership. The NDAs would also work closely with DAEs and select entities based on country needs.

865. A third Board member noted that conclusions 3, 4 and 5 of the synthesis report reflected some of the concerns least developed countries (LDCs) had expressed to the Board on numerous occasions, such as the need to enhance capacities and tailored support to DAEs, high transaction costs, and difficulties in securing programming. Some of these issues had also been raised in the IEU evaluation of GCF investments in LDCs. The Board member reiterated that direct access was a top priority for LDCs. Direct access should be improved, with the goal of ensuring that each country had a national entity accredited to GCF. Lastly, the Board member anticipated that the conclusions and recommendations of the synthesis report would be useful inputs to the development of USP-2 and the accreditation strategy.

866. A fourth Board member underlined the role that DAEs could play in effective and efficient flows of climate finance. They supported the recommendations of the IEU, including the need to develop a clear vision for the role of direct access within GCF. The Board member also welcomed that the Secretariat agreed fully with most of the recommendations, adding that improving access to GCF resources, particularly for SIDS and LDCs, was fundamental to delivering on the mandate of GCF. The approaches that had been envisaged when GCF was established, including institutional accreditation, was not working for everyone. GCF should therefore learn and be prepared to adapt. Additionally, the Board member wished to better understand the various options for countries to access financing, including through measures that did not require institutional accreditation but still strengthened country drivenness. They looked forward to seeing the work done by the Secretariat to support policy development and decision-making on this matter, including reporting on the progress of PSAA and enhancing direct access when available.

867. The Co-Chairs invited an active observer from civil society organizations (CSOs) to take the floor.

868. The active observer emphasized that the direct access modality, specifically enhancing direct access, was one of the distinguishing features of GCF and was at the core of its mandate to promote a paradigm shift. The CSOs appreciated the thorough evaluation of the IEU, which highlighted that not only did this vision remain unfulfilled, but GCF was also missing a coherent strategic framework to address the multitude of challenges hindering its achievement. The current business model of GCF started with the presumption of international access as the default, and then tried to impose some direct access features. The evaluation made it clear that a major reset through a more adaptive and differentiated approach was needed to advance direct access in GCF.

869. The next programming period during GCF-2 was an opportunity to make direct access the default modality and to structure all relevant operational policies and support systems around it to better mainstream direct access in GCF. Core performance indicators should be integrated in USP-2, focusing not on the quantity of accredited DAEs but on realizing a significant increase in the quantity and quality of their access to finance. This should include more attention to further enhancing direct access, such as through a small grants facility for subnational, local and community actors and groups. This required the revision of existing frameworks and programmes, including the Readiness and Preparatory Support Programme, accreditation and re-accreditation, and the simplified approval process (without compromising adherence to GCF policies), and strengthened support services for project implementation.

870. Lastly, the success of direct access in GCF was inextricably linked to strengthening and realizing full country ownership in the GCF programming process. As civil society observers and indigenous peoples had advocated from the beginning of their engagement with GCF, it should start with moving from NDAs to fully participatory and inclusive country coordinating mechanisms that would go beyond government representation to reflect the needs and voices of communities and often marginalized groups.

871. The Co-Chairs thanked the active observer and invited more comments from the floor.

872. A further Board member underscored that GCF required a new long-term objective to build the in-country capacity of NDAs, DAEs and other national institutions, including the private sector, recognizing that currently only a handful had the capacity to manage and mobilize funds at the requisite scale and time to fulfil their nationally determined contributions (NDCs). The Board member noted the report's findings that support was inefficient during and after accreditation for DAEs and that the efforts of GCF in enabling access to resources had been focused on accreditation. The assumption that accreditation would lead to programming had not materialized; therefore, it was important to shift focus towards capacity-building to facilitate programming. The Board member emphasized that doubling the number of entities with capacity to programme was not the same as increasing the level of programming by DAEs. They were distinct and GCF should focus more on DAEs to truly enable them to access GCF. The Board member pointed out that, on the other hand, the annual programming target for DAEs would depend on commitment authority. On average, GCF targeted 6 to 12 DAE funding proposals per year. Unless the commitment authority significantly increased, DAEs would continue to struggle to access GCF. It therefore needed to take a systematic approach to truly address this problem within USP-2.

873. With respect to USP-2 and direct access, a final Board member urged that the following recommendations be addressed in the context of USP-2:

(a) There should be an agreed definition of direct access entity and a Board-approved direct access strategy;

(b) GCF should develop a fast-track accreditation system for national DAEs under the revised accreditation framework;

(c) The Readiness Programme should be revised with a focus on the pre- and post-accreditation of DAEs;

(d) The PPF should also be refocused to prioritize DAEs;

(e) There should be a more robust annual allocation process that provided predictable resources for national DAEs, such as through a dedicated window;

(f) GCF should also consider extending the accreditation period of entities to reduce the frequency of re-accreditation; and

(g) GCF should consider a programmatic approach for development finance institutions in developing countries.

874. The Co-Chairs thanked the Board members, recognizing that the various comments had shed light on the amount of work that needed to be accomplished by the Board and the Secretariat to improve access and GCF performance in general, particularly by B.36.

875. They invited the representatives of the IEU and the Secretariat to respond to the comments.

876. On the suggestion to use country programming to improve access and country ownership, the Head of the IEU, Mr. Reumann, confirmed that this was consistent with one of the conclusions in the synthesis report. If country programmes were to be used, they could be a robust entry point for determining priorities, programmes and potential partners to undertake the climate action needed by countries. With regard to the LDC evaluation, Mr. Reumann explained that while the current report did not use a specific lens for LDCs, evidence that had been gathered through other evaluations had also been used in the synthesis.

877. The Deputy Executive Director, Mr. Gonzalez, said that in terms of learning from other climate funds' business process best practices, the Secretariat was currently working with the Global Environment Facility and implementing a shared long-term vision. The Secretariat was also engaging with the Adaptation Fund and the Climate Investment Funds, among other organizations. As for programming, the Secretariat had been creating processes and procedures to give all entities a fair chance in submitting funding proposals. Though the Secretariat had a focus on vulnerable countries, African States, LDCs, and SIDS, it did not treat any entity differently. The Secretariat and the independent Technical Advisory Panel both applied six evaluation criteria in assessing funding proposals, but the quality of proposals at entry varied. The Secretariat used various modalities (such as the Readiness Programme, PPF or technical assistance) to support DAEs in developing the proposals towards Board approval. The Deputy Executive Director emphasized that the Secretariat was accountable for following Board-approved procedures closely and could not take shortcuts in implementing these processes. Finally, the Secretariat acknowledged that differentiated approaches to enhancing direct access to GCF resources could be further explored. The Secretariat stood ready to support Board decisions in this regard and remained committed to continue its work on improving direct access.

878. The Co-Chairs thanked the representatives of the IEU and the Secretariat.

879. They invited the Board to take note of the report.

880. The Board took note of document GCF/B.35/09 titled "Independent Synthesis of Direct Access in the Green Climate Fund: Final Report" and its addendum Add.01 titled "Management response to Independent Synthesis of Direct Access in The Green Climate Fund".

881. The Board adopted the following decision:

DECISION B.35/15

The Board, having considered document GCF/B.35/09 titled "Independent Synthesis of Direct Access in the Green Climate Fund: Final Report":

(a) *Takes note of the findings and recommendations presented in the Independent Synthesis of Direct Access in the Green Climate Fund undertaken by the Independent Evaluation Unit;*

(b) *Notes the Secretariat's management response to the evaluation report as presented in document GCF/B.35/09/Add.01; and*

(c) *Requests the Independent Evaluation Unit to submit a management action report to the Board no later than one year following the adoption of this decision.*

Agenda item 20: Appointment of Board-appointed officials

(a) Selection of the Executive Director of the Green Climate Fund

882. The Co-Chairs briefly opened the agenda item and its sub-item in plenary on the first day (13 March 2023) of the Board meeting to explain the process for the selection of the Executive Director of the Green Climate Fund.

883. They informed the Board that this item would be considered in executive session and explained who would be permitted to attend the different stages of the selection process. Board members who had signed a declaration of confidentiality would be present in the Boardroom for the morning session. Alternate Board members would be entitled to be present during the interviews of the candidates but would be required to leave during deliberations and any balloting procedure.

884. During the sessions in the afternoon, including consultations and any balloting process, it would be required to leave mobile phones, laptops and other communication devices outside the Boardroom, which would be held by the Secretariat for safekeeping in a transparent box. The only people entitled to be present were Board members, the Secretary to the Board and two independent observers: Yolando Velasco, Manager of Climate Finance from the United Nations Framework Convention on Climate Change, and Yejin Ha, Programme Officer at the United Nations Economic and Social Commission for Asia and the Pacific East and Northeast Asia office. These observers had been confirmed by the Co-Chairs and were on standby to act as observers to the balloting process, if required.

885. Once all those not permitted to be present in the Boardroom had left, the Board continued to consider the agenda item in executive session.

886. On the second day of the Board meeting, the agenda item was considered in a second executive session before being reopened in plenary.

887. On reopening the agenda item in plenary, the Co-Chairs said they were pleased to inform the Board that consensus had been reached to appoint Mafalda Madeira Nunes Duarte as Executive Director of the Green Climate Fund following a highly competitive recruitment process. They had been impressed with her vision and drive. As the second female Co-Chair, Victoria Gunderson said was also excited to welcome a second female Executive Director. The new Executive Director would be a crucial partner as the Board continued to grow its highly catalytic climate portfolio.

888. The Co-Chairs drew the attention of the Board to the first decision in annex I to limited distribution document GCF/B.35/13 titled "Report from the Executive Director Selection Committee" and as shown on the Boardroom screen. This draft decision had also been circulated to Board members electronically.

889. The Board was invited to adopt the draft decision.

890. There being no comments or objections, the decision was so adopted.

891. On behalf of the Board, the Co-Chairs thanked Yannick Glemarec for his leadership.

892. They invited Mr. Glemarec to take the floor.

893. Mr. Glemarec extended his congratulations to Ms. Duarte and looked forward to supporting her. He expressed his thanks to everyone.

894. The Co-Chair invited Board members to show their thanks to Mr. Glemarec, which they duly did in the usual way.

895. They informed the Board that a second decision was being presented for Board consideration relating to the appointment of an Executive Director ad interim.

896. The Co-Chairs read out loud the preamble and paragraph (a) of the draft decision as presented on the Boardroom screen and as circulated to the Board.

897. There being no comments or objections, the decision was so adopted.

898. The Board took note of limited distribution document GCF/B.35/13 titled "Report from the Executive Director Selection Committee".

899. The Board adopted the following decision:

DECISION B.35/16

The Board, having considered limited distribution document GCF/B.35/13 titled "Report from the Executive Director Selection Committee":

(a) *<u>Recalls</u> decision B.33/16 on the selection process for the Executive Director of the Secretariat;*

(b) *<u>Decides</u> to select Mafalda Madeira Nunes Duarte for the post of the Executive Director of the Green Climate Fund Secretariat for a four-year term;*

(c) *<u>Requests</u> the Co-Chairs, with support as needed from the executive search firm, to negotiate the terms of the contract in accordance with the terms of reference for the position set out in annex XI to decision B.33/16, taking into account the relevant performance management system and criteria for Board-appointed officials; and*

(d) *<u>Authorizes</u> the Co-Chairs to sign, on behalf of the Board, the contract between Mafalda Madeira Nunes Duarte and GCF.*

900. The Board also adopted the following decision:

DECISION B.35/17

The Board, recalling the imminent end of term of the current Executive Director of the Green Climate Fund Secretariat:

(a) *Appoints Henry Gonzalez, current Deputy Executive Director, to act as Executive Director ad interim of the Secretariat effective 3 April 2023 and until such time that the incoming Executive Director appointed by the Board by decision B.35/16 has assumed office or the Board has decided otherwise; and*

(b) *Authorizes the Co-Chairs to negotiate and sign, on behalf of the Board, arrangements, as appropriate, with the Executive Director ad interim, including:*

(i) *By taking into account the relevant performance management system for Board-appointed officials; and*

(ii) *By signing, on behalf of the Board, the contract between the Executive Director ad interim and GCF.*

(b) Selection of the Head of the Independent Redress Mechanism

901. The Board took note of limited distribution document GCF/B.35/14 titled "Appointment of the Head of the Independent Redress Mechanism Unit".

902. The Board adopted the following decision:

DECISION B.35/18

The Board, having considered limited distribution document GCF/B.35/14 titled "Appointment of the Head of the Independent Redress Mechanism Unit":

(a) *Appoints Sonja Derkum as the Head of the Independent Redress Mechanism Unit, effective as of the date on which the necessary contractual arrangements have been concluded or as specified therein;*

(b) *Authorizes the Co-Chairs to negotiate and sign, on behalf of the Board, the necessary arrangements between the Head of the Independent Redress Mechanism Unit and GCF; and*

(c) *Expresses its appreciation to the Ethics and Audit Committee and the Secretariat for their work in the process for the selection of the Head of the Independent Redress Mechanism Unit.*

903. The Board also adopted the following decision:

DECISION B.35/19

The Board, recalling the imminent end of term of the current Head of the Independent Redress Mechanism Unit ad interim:

(a) *Appoints Paco Gimenez-Salinas to act as Head of the Independent Redress Mechanism Unit ad interim effective 1 April 2023 and until such time that the incoming Head of the Independent Redress Mechanism Unit appointed by the Board by decision B.35/18 has assumed office or the Board has decided otherwise; and*

(b) *Authorizes the Co-Chairs to negotiate and sign, on behalf of the Board, arrangements, as appropriate, with the Head of the Independent Redress Mechanism Unit ad interim, including:*

(i) *By taking into account the relevant performance management system for Board-appointed officials; and*

(ii) *By signing, on behalf of the Board, the contract between the Head of the Independent Redress Mechanism Unit ad interim and GCF.*

(c) Selection of the Head of the Independent Integrity Unit

904. The Board took note of limited distribution document GCF/B.35/15 titled "Appointment of the Head of the Independent Integrity Unit"

905. The Board adopted the following decision:

DECISION B.35/20

The Board, having considered limited distribution document GCF/B.35/15 titled "Appointment of the Head of the Independent Integrity Unit":

(a) *Appoints Karen Ernst as the Head of the Independent Integrity Unit, effective as of the date on which the necessary contractual arrangements have been concluded or as specified therein;*

(b) *Authorizes the Co-Chairs to negotiate and sign, on behalf of the Board, the necessary arrangements between the Head of the Independent Integrity Unit and GCF; and*

(c) *Expresses its appreciation to the Ethics and Audit Committee and the Secretariat for their work in the process for the selection of the Head of the Independent Integrity Unit.*

Agenda item 21: Dates and venues of upcoming Board meetings

906. The Co-Chairs opened the agenda item and drew the attention of the Board to document GCF/B.35/12 titled "Dates and venues of upcoming meetings of the Board".

907. They apologized that there was an error in annex II to the document that referred to events for 2022; it should have read 2023.

908. In addition, they noted the change in venue for B.36. The Government of Rwanda had informed the Secretariat that it was unable to host B.36 in Kigali. Given the logistical effort to secure another venue at short notice, the Co-Chairs and the Secretariat recommended that B.36 be held in Songdo, Republic of Korea. The Secretariat was exploring options with several developing country governments that had offered to host B.37.

909. The Co-Chairs invited the Board to adopt the draft decision in annex I and opened the floor for comments.

910. The Board member from Georgia, Ms. Nino Tandilashvili, informed the Board that the Government of Georgia wished to extend an invitation to GCF to hold B.37 in the country's capital, Tbilisi. The Board member noted that, as a small country in the Caucasus region, which was quite close to Turkey, this should facilitate flight management. Furthermore, privileges and immunities were in place. The Government would welcome consideration by the Board of this invitation and, if accepted, would do their utmost to ensure that the arrangements were as hospitable as possible.

911. The Co-Chairs thanked the Board member for the gracious offer. They would work together with the Secretariat to explore this option.

912. There being no comments or objections, the decision was so adopted.

913. The Board took note of document GCF/B.35/12 titled "Dates and venues of upcoming meetings of the Board".

914. The Board adopted the following decision:

DECISION B.35/21

The Board, having considered document GCF/B.35/12 titled "Dates and venues of upcoming meetings of the Board":

Recalls and confirms that the thirty-sixth meeting of the Board will take place from Monday, 10 to Thursday, 13 July 2023, in the Republic of Korea.

Agenda item 22: Other matters

915. The Co-Chairs informed the Board that no items were added under this item during the adoption of the agenda.

916. This agenda item was not opened.

Agenda item 23: Report of the meeting

917. The Co-Chairs informed the Board that per the current practice and in accordance with paragraph 13 of the Rules of Procedure of the Board, a draft compilation of decisions adopted at B.35 would be transmitted to the Board as soon as possible following the conclusion of the meeting.

918. The decisions as adopted and their corresponding annexes are included in this document.

Agenda item 24: Close of the meeting

919. The Co-Chairs opened the agenda item and invited comments from the floor.

920. The Board member from France, Jean-Christophe Donnellier, wished to bid everyone farewell, as B.35 would be his last Board meeting. The Board member said the past two and a half years at GCF had been very exciting, mainly because he had met interesting, diverse and friendly people. In particular, the Board member wished to thank the Secretariat, which was full of wonderful people who were dedicated to their work and to GCF. He also extended appreciation to the Executive Director, Mr. Glemarec, who had supported the Board member in better understanding the challenges and ways forward. He also thanked the Board, which was full of amazing people with diverse backgrounds and perspectives, adding that he and his team were proud and honoured to have engaged with it over the past years. Mr. Donnellier, who had been a Co-Chair in 2021 and 2022, wished to thank his fellow Co-Chairs, José de Luna Martinez in 2021 and Tlou Ramaru in 2022, and their teams for their close cooperation. The Board member was proud that he had worked together to support and facilitate Board discussions in a one-Board approach, which was important for GCF. The Board member said that, though understanding the complexities of the Board's work had been challenging, it was equally

challenging to leave it. He therefore looked forward to continue engaging with Board members even after leaving GCF. Finally, Mr. Donnellier wished everyone and GCF the best of luck.

921. The Co-Chairs thanked Mr. Donnellier, noting that the Board member had set a good precedent as Co-Chair, and the current Co-Chairs hoped to continue this good work.

922. The Board member from Kenya, on behalf of their government, informed the Board that the Government of Kenya had offered to host the Africa Climate Summit, which would be held on 4–6 September 2023 in Nairobi. This offer was in response to the decision of the Assembly of the Heads of State and Government of the African Union that requested any of its member States to host an Africa Climate Summit.

923. Though the theme had not yet been decided, it was anticipated that the summit would be an opportunity to overcome some sticky issues from the twenty-seventh session of the Conference of the Parties to the United Nations Framework Convention on Climate Change (COP 27); redefine the priorities for COP 28; highlight opportunities for climate investment in Africa; identify barriers and priority areas for climate change; and focus on how to steer the continent towards becoming a climate-resilient, socially just continent with economic, political and environmental stability.

924. The Government of Kenya had invited all African Heads of State to the summit, as it would be held under the auspices of the African Union. Nonetheless, other Heads of State and ministers from countries outside of Africa were also welcome if the topics of the summit resonated with them. Also invited were government technical experts, United Nations organizations, heads of financial institutions (including GCF), regional economic commissions, chief executive officers, industry captains, civil society organizations, foundations and philanthropies.

925. They hoped that the outcome of the Africa Climate Summit would be discussed at the General Assembly of the United Nations at the Climate Ambition Summit. Acknowledging that there would not be enough time to discuss and find solutions to all the pressing issues in Africa, the Board member explained that they wished to design the Africa Climate Summit in a way that would allow participants to identify sticky issues in the continent and some solutions. The summit would also have side events and exhibitions.

926. The headquarters of the Africa Climate Summit would be under the Climate Change Directorate of the Ministry of Environment, Climate Change and Forestry of Kenya. They hoped the summit would also be a venue for a business forum, including partnerships and deals. They welcomed partners who wished to make financial pledges and urged that these be made prior to the summit so that the pledges could be launched at the summit. The Government of Kenya also hoped to launch a number of initiatives to demonstrate its leadership in climate action, particularly in renewable energy.

927. To conclude, the Board member asked fellow Board members to take note of the dates of the Africa Climate Summit, which would be held on 4–6 September 2023 in Nairobi, Kenya.

928. The Co-Chairs thanked the Board member for the invitation and said that they had taken note of the dates.

929. A final Board member wished to recognize the outgoing Executive Director, Mr. Glemarec, and say some parting words. Recalling that they had known each other for about 15 years, the Board member said Mr. Glemarec had not lost his passion, energy and drive over the years. Having observed how GCF had evolved under his leadership, the Board member was pleased that Mr. Glemarec had been selected as Executive Director four years ago. Mr. Glemarec had led GCF in the right direction, and the Second Performance Review of the GCF was testament to his achievements in this regard. Though the energy and drive of the outgoing

Executive Director was not apparent in Board meetings, it was clear to those who met him outside the Boardroom that he was passionate and dedicated to the mission of GCF. The Board member hoped Mr. Glemarec would have some time to rest before embarking on his next endeavour.

930. The Board member said Mr. Glemarec's legacy was very good as he was leaving GCF a more mature organization. For this, they sincerely thanked Mr. Glemarec. The Board member also expressed gratitude to the Secretariat for this achievement and to the Board for working together to make the right decisions to move GCF forward. Finally, the Board member invited the meeting participants to join in thanking Mr. Glemarec.

931. Those in the Boardroom rose to their feet and conveyed their appreciation with a round of applause.

932. The Co-Chairs also wished to express thanks to the outgoing Executive Director for the innovation, passion and dedication he had brought to GCF.

933. Co-Chair Victoria Gunderson drew attention to the Women at GCF event, which had taken place the night before, where many had recognized Mr. Glemarec's strong support with respect to gender issues. For this, Co-Chair Gunderson wished to convey her deep appreciation.

934. Co-Chair Nauman Bashir Bhatti thanked Mr. Glemarec for all his efforts over the past four years, noting that he had contributed significantly to the growth of GCF as a strong institution.

935. The Co-Chairs wished the outgoing Executive Director the best of luck and presented a token of appreciation to him on behalf of the Board. They invited Mr. Glemarec to take the floor.

936. The outgoing Executive Director said he was thankful and extremely touched. He added that he would still be easily reached by email and looked forward to celebrating the approval of the updated Strategic Plan for the GCF 2024–2027 (USP-2) as well as the second replenishment of GCF. These would be significant achievements that GCF could bring to COP 28. While there would still be a surplus of crises globally, GCF would have contributed towards reducing the deficit of trust. The Board had a significant mandate this year, and Mr. Glemarec would certainly continue to support and celebrate GCF from the sidelines.

937. Co-Chair Bhatti also wished to thank Mr. Donnellier for all his efforts and contributions during the two years that he had been a Co-Chair of the Board. Co-Chair Bhatti wished the Board member the best of luck and said he looked forward to continue engaging with the Board member in a different setting.

938. The Co-Chairs thanked the Board members for their useful contributions and the concrete decisions it had taken at the meeting, including the selection of the new Executive Director and appointment of the two heads of independent units. The Co-Chairs also thanked their advisers for their support as well as the other advisers present at the meeting. In addition, the Co-Chairs thanked the Secretariat for its effective and timely contributions. The Secretariat had assisted and cooperated with the new Co-Chairs fully to ensure that the Board meeting could be delivered successfully. Finally, the Co-Chairs thanked all the participants of the meeting.

939. The meeting was closed on Thursday, 16 March 2023 at 6:46 p.m. KST.

Annexes I - III

Annexes I-III related to decision B.35/01 is contained in the limited distribution document GCF/B.35/20/Add.01.

Annex IV: Terms of reference of the performance review of the members of the independent Technical Advisory Panel

I. Introduction

1. The Technical Advisory Panel (TAP), in accordance with decision B.07/03, paragraph (f), was established to provide an independent technical assessment of and advice on funding proposals for the Board. As per the terms of reference approved in decision B.09/10 and revised by decision B.25/09, the TAP is comprised of ten expert members with balanced representation between developing and developed countries, with gender balance, and with collective expertise covering a range of specialties related to adaptation, mitigation, the private sector, financing, and development and implementation of projects in developing countries. Each TAP member is nominated by the Investment Committee for endorsement by the Board, for a period of three years.

2. The GCF endeavors to nurture and develop talent in order to promote the most effective use of their expertise; to determine the quality of their service; to recognize their achievements; and to identify their training and development needs.

3. The Board notes the importance of providing feedback and evaluating performance, in order to facilitate learning and continuous improvement in the day-to-day operations of the TAP.

4. The Board proposes to conduct a 360-degree assessment exercise of the TAP members. This assessment will help inform the process of contract renewal and possible parallel recruitment of TAP members, and help the TAP members to gain insights on how she/he is perceived by other TAP members and stakeholders and have an opportunity to adjust behavior and develop skills that will enable her/him to excel at her/his role.

5. This Request for Proposals (RFP) seeks to identify an independent external evaluation firm that will undertake the tasks described below. The firm will conduct the review in consultation with the Investment Committee, with support from the Secretariat.

II. Objective of the assignment

6. The objective of the assignment is to assist and facilitate the performance review of the TAP members in accordance with the "Guiding principles and methodology for the performance review of members of the Technical Advisory Panel of the Green Climate Fund".

7. The review should take into account the accountability of the TAP to the Board of the GCF, and be conducted with a spirit of openness and positivity towards giving and receiving feedback.

8. The review shall cover the entire period of each TAP member's latest 3-year term, which commenced in December 2020.

III. Scope and focus of the assignment

9. The independent firm would conduct a 360-degree assessment exercise in which the members of the TAP would receive feedback on their performance through self- evaluation and anonymous feedback from those who work closely with the member, including members of the Board and alternate Board members, relevant individual staff members of the Secretariat, other TAP members; and a sample of accredited entities.

10. The performance review of the members of the TAP will:

(a) Understand the organization's mission and the mandate and role of the TAP members;

(b) Identify dimensions to be measured with respect to the updated terms of reference of the TAP, as contained in decision B.25/09.

(c) Collect qualitative and quantitative feedback on the TAP members' performance in the relevant assessments in which the TAP member participated, either as lead or secondary reviewer.

(d) Include an evaluation of the essential competencies for the role – technical expertise, integrity, ethical behaviour, teamwork, communications, and ability to meet deadlines.

11. The assessment tool will include, but may not be limited to, the following features:

(a) Designed to collect objective feedback from:

(i) Members of the Board and alternate Board members;

(ii) Relevant individual staff members of the Secretariat;

(iii) Other TAP members; and

(iv) A sample of accredited entities;

(b) Internet-based administration and data collection;

(c) Utmost confidentiality;

(d) Based on performance review processes of similar positions in comparable institutions;

(e) Ability to link between the reviewed funding proposals and the respective TAP members in charge of their assessment; and

(f) Designed to provide tailored report and analysis with ratings, verbatim comments and graphs indicating strengths and areas for development.

12. The independent firm will:

(a) Collate and review the information from the self-assessment, the review of relevant

(b) Funding Proposals' assessments, and the 360-degree assessment exercise;

(c) Provide feedback to the individual TAP members, for validation of the results and to give them valuable feedback on how their performance is perceived by other TAP members and stakeholders;

(d) Report to the Board the collated information on the performance review of the TAP members at the thirty-seventh meeting of the Board to enable the Board to assess the TAP members' performance and take appropriate action;

(e) Keep all personal information absolutely confidential, disclosing only to those who have the agreed privilege to view the data.

IV. Deliverables

13. The deliverables include:

(a) A detailed report to be provided to the Board, addressing the following matters:

(i) The criteria for reviewing performance;

(ii) Review of the performance of each member of the TAP against the criteria; and

(iii) Recommendations to the Board; and

(b) An interim report to be provided to the Investment Committee, containing the preliminary results of the performance review.

V. Reporting arrangements

14. The independent consultant or firm shall report to the Investment Committee, and keep the Investment Committee regularly updated with respect to progress related to the review.

VI. Duration of the consultancy

15. The consultancy is expected to take up to a maximum of eight weeks starting from the date of signature of contract by both parties, subject to adjustments as required and mutually agreed.

Annex V: List of conditions and recommendations

1. The approval of the funding proposals approved by the Board pursuant to decision B.35/05 shall be conditional upon the satisfaction of the conditions set out in tables 1 and 2.

Table 1. General conditions applicable to all funding proposals

FP number	Conditions
All proposals	(a) Signature of the funded activity agreement ("FAA") in a form and substance satisfactory to the GCF Secretariat within 180 days[1] from the date of Board approval, or the date the accredited entity has provided a certificate or legal opinion set out in paragraph (ii) below, or the date of effectiveness of the accreditation master agreement ("AMA") entered into with the relevant accredited entity, whichever is later. Satisfaction of the following conditions prior to the signing of the FAA: (i) Completion of the legal due diligence to the GCF Secretariat's satisfaction; and (ii) Submission of a certificate or a legal opinion in a form and substance that is satisfactory to the GCF Secretariat, within 120 days after Board approval, or the date of effectiveness of the AMA entered into with the relevant accredited entity, whichever is later, confirming that the accredited entity has obtained all final internal approvals needed by it and has the capacity and authority to implement the proposed project/programme.

Table 2. Conditions specific to individual funding proposals

FP number	Conditions
FP199 (FAO Cambodia)	*Independent TAP conditions* The independent TAP recommends this funding proposal for approval by the GCF subject to the following conditions precedent to the second disbursement to the AE under the funded activity agreement ("FAA"). (a) Delivery to the Fund by the AE, in a form and substance satisfactory to the Fund, of a final version of a revised climate change study, clearly providing an evidence base for the climate rationale, including trend analyses, on (a) heat stress due to increasing number of days above indicative upper thresholds relevant for mango, cashew, rice and vegetables in the NTSB; (b) floods in the NTSB; (c) droughts using climate epochs in the NTSB; and (d) ambient temperature beyond thresholds indicating where cold chains need to be ensured for each of the major premium products (vegetables and mangos). Such analyses should take into consideration available observation data from

[1] The GCF can only execute a funded activity agreement with an Accredited Entity that has an executed and effective AMA (including an amended and restated AMA).

	official hydro- meteorological data depositories as well as projection data based on application of validated climate models; (b) The delivery to the Fund by the AE, of an in-depth agro-financial and insurance market baseline assessment including consideration of potential challenges from both the supply and the demand sides, in a form and substance satisfactory to the Fund; and (c) The delivery to the Fund by the AE, in a form and substance satisfactory to the Fund, of a revised, single eligibility criteria applicable for beneficiaries under both Outcome 1 and Outcome 2 which ensures that the agricultural cooperatives, farmer associations, farmer organizations, producer groups, community protected areas, community forests and agricultural unions targeted under Outcome 2 are comprised of, and selected from, the eligible smallholder farmers targeted under Outcome 1 (as such beneficiaries are identified in the funding proposal), such that the same farmers and farmer group beneficiaries eligible under Outcome 1 are also the eligible and direct beneficiaries participating under Outcome 2.
FP200 (GIZ Lao PDR II)	*Independent TAP conditions* The independent TAP recommends this funding proposal for approval by the GCF subject to: (a) The following condition being met prior to the execution of the funded activity agreement. Delivery by the AE to GCF, in a form and substance satisfactory to the GCF Secretariat of: (i) The latest performance report demonstrating implementation progress for Components 2 and 3 of Project 1; (ii) Updated monitoring logical framework where baseline and target values are provided for all indicators (e.g. livelihood options should be specified for supplementary indicator 2.1 in monetary or other units; either change in tC/per ha or other ecosystem-specific additional indicators for demonstrating improvements of the ecosystem resiliency should be provided for supplementary indicator 4.1); and (iii) A plan containing enhanced risk mitigation measures to address risk factors related to the implementation of Components 2 and 3 of Projects 1 and 2, reported in the APR (2021), to ensure the efficiency and effectiveness of financial flows to the final beneficiaries, involvement of local private and banking sector actors, and the monitoring of mitigation and adaptation results ("Enhanced Risk Mitigation Plan"); and (b) The inclusion of the following covenant in the funded activity agreement: (i) The Accredited Entity shall maintain and implement, at all times during the implementation of the programme, the Enhanced Risk Mitigation Plan.

FP201 (FAO Philippines)	*None*
FP202 (FAO Bolivia)	*None*
FP203 (WWF Colombia)	*Independent TAP conditions* <u>Condition precedent to first disbursement</u> (a) Delivery by the Accredited Entity to the GCF, in a form and substance satisfactory to the GCF Secretariat, of a plan for the operation and maintenance of all the infrastructure and equipment to be purchased with financing from GCF and co-financiers as part of the Funded Activity (the "Operations and Maintenance Plan").
FP204 (WB SRMI II)	*Independent TAP conditions* The independent TAP further recommends that Board approval be subject to the following conditions and covenant to be reflected in the funded activity agreement (FAA) between the GCF and the World Bank: <u>Condition precedent to effectiveness of FAA</u> (a) Delivery by the Accredited Entity of an updated logical framework which includes an additional set of indicators to measure the resilience and increased adaptive capacity of beneficiaries under Outcome 2 and Outcome 3 of the logical framework. For the avoidance of doubt, such additional set of indicators will be developed, in consultation with the Fund, to the extent practicable and possible based on the readily available information at the time of its update, and shall be agreed between the Fund and the Accredited Entity. <u>Condition precedent to 1st disbursement for each project in a Host Country:</u> (a) Delivery to the Fund by the Accredited Entity the revised methodology for the estimation of adaptation beneficiaries by identifying the adaptation benefit in each of the two adaptation result areas and how beneficiaries are identified against those particular adaptation benefits. For the avoidance of doubt, such revised methodology will be developed, in consultation with the Fund, to the extent practicable and possible based on the readily available information at the time of its revision, and shall be agreed between the Fund and the Accredited Entity.

	<u>Covenant</u> (a) Under each APR, a programme monitoring report at the Funded Activity level, also covering Project-level activities information for Project(s) under implementation, covering the following: (i) GHG emission reductions achieved in a form of a GHG calculation spreadsheet; and (ii) Information on the number of adaptation beneficiaries reached.
FP205 **(AFC ICRF)**	None

2. In addition, it is recommended that, for all approved funding proposals, disbursements by the GCF should be made only after the GCF has obtained satisfactory protection against litigation and expropriation in the country where the project/programme will be implemented, or has been provided with appropriate privileges and immunities in that country.

3. It is also recommended that the accredited entity implements the following recommendations during the implementation of the relevant project or programme.

Table 3. Project-specific recommendations

FP number	Recommendations
FP199 (FAO Cambodia)	*Independent TAP recommendations* The independent TAP has little hesitation to inform the Board that the project ideas deserved a better formulation. There are weaknesses that are explained in the assessment. In order to strengthen the project and to ameliorate risk of further reduction of effectiveness, corrective measures need to be in place on specific major weaknesses, as articulated in the following paragraphs: (a) Paragraphs #7 through to #10 on lack of climate understanding and contextualization; (b) Paragraphs #31 and #62 on lack of analyses on agro-financing and agro-insurance market baseline assessment, and (c) Paragraphs #14, #16, #17, #31, #36, #62 and #65 on establishing explicit connections between Outcome 1 and Outcome 2, so that direct impacts through addressing exposure and sensitivity to climate change induced hazards and risks could be promoted and the mobilization of finance through FARM mechanism could be made increasingly responsive to climate change (rather than placing primary focus on value chains) as well as creating better response options for non-participating farmers; and (d) Paragraph #62 on strengthening eligibility criteria for selecting farmers and farmer organizations.

FP200 (GIZ Lao PDR II)	(a) *None*
FP201 (FAO Philippines)	*Independent TAP recommendations* The independent TAP recommends that the AE undertake the following in the project inception phase: (a) Ensure that an agreement is in place that the parallel financing of USD 10.63 million to be provided by the DA for support to vulnerable households to apply CRA practices, which remains a key contributor to the project's theory of change, is reported on in the project's annual performance reports to the GCF, along with the official co-financing; (b) Develop or customize a monitoring tool capturing all the necessary information to make an assessment on land-use change and implications for emission reductions, enabling clear reporting to the GCF on the extent to which the anticipated mitigation benefits are met; (c) Refine the project results framework after completing the baseline assessment, so that all the baselines and targets are detailed and specific, to enable effective monitoring of results and transformational impact over time; (d) Include in the technical assistance package to be delivered to CRA enterprises practical support on strengthening both upstream and downstream linkages in value chains for CRA products; (e) Ensure that disaggregated beneficiary targets contained in the gender action plan, including targets for participation by indigenous peoples, are also included in the project results framework; and (f) Establish a system for partner financial institutions to tag all loans to APA-CRA enterprise borrowers, so that the portfolio's performance can be tracked by the institutions, with a view to potential improvement of borrowing terms over time, and to enable accurate reporting back to the GCF on leveraged co-finance.
FP202 (FAO Bolivia)	*None*
FP203 (WWF Colombia)	*Independent TAP recommendations* The independent TAP believes this public sector project from the Government of Colombia, supported by WWF as the AE, is an important one that makes significant strides towards effective management and sustainable financing of protected area landscapes that play a vital role in climate change adaptation and

	mitigation. The independent TAP recommends to the AE that they undertake the following in the project inception phase: (a) Seek clarity on the planned relationship between the new FONSUREC fund, established in terms of the recently passed Tax Reform Law (Law 2277 of 13 December 2022) to receive the national carbon tax proceeds, and the flow and tracking of funds for the HECO PFP initiative, including the government co-finance to the GCF project; and (b) Put in place agreements between IDEAM, the National Parks Agency, relevant research institutes and local communities for monitoring, reporting and verification of reduced and avoided emissions as a result of project interventions, clarifying roles as band responsibilities, as well as systems and methods for data collection and reporting.
FP204 (WB SRMI II)	*None*
FP205 (AFC ICRF)	*Independent TAP recommendations* The independent TAP, acknowledging that this is an adaptation programme, recommends that an assessment of the GHG emissions of its subprojects during the whole 20-year lifespan of the GCF programme (not just during the construction and development stages) also be conducted. This assessment will promote transparency and address the risk of increase in GHG emissions arising from infrastructure projects such as roads and ports once fully operational. The assessment should form part of the project risks to be mitigated so as to (i) prevent a carbon lock-up or stranded assets in the future, (ii) align the infrastructure projects with the Paris Agreement objectives of the NOL countries, thus enabling NOL countries to meet their NDCs; and (iii) attract potential investors that seek projects that are aligned to the Paris Agreement, thus increasing the attractiveness of the ICRF.

Annex VI: Additional entities of other relevant funds for fast-track accreditation eligibility

I. Background

1. In decision B.08/03, paragraphs (e–g), the Board decided that entities accredited by the Global Environment Facility (GEF), the Adaptation Fund (AF) and the Directorate-General for International Development and Cooperation (DG DEVCO) up to and including 17 October 2014 and in full compliance with those institutions' requirements, as contained in annex V to decision B.08/03 (annex V to document B.08/45), are eligible to apply under the fast-track accreditation process for the accreditation requirements of GCF identified in the relevant paragraphs of the decision.

2. In decisions B.10/06, B.12/30, B.14/09, B.15/09, B.17/13, B.18/05, B.19/14, B.22/09, B.23/13, B.24/11, B.26/01 and B.30/05, the Board expanded the list of entities eligible to apply under the same fast-track approach, assuming all prerequisite criteria were met to include those under the GEF, the AF and DG DEVCO up to and including 9 July 2015, 9 March 2016, 14 October 2016, 17 December 2016, 6 July 2017, 2 October 2017, 1 March 2018, 28 February 2019, 8 July 2019, 14 November 2019, 29 April 2020 and 7 October 2021, respectively.

3. The entities presented below have been accredited to GCF under normal track modality for their initial accreditation and since then have been fast-track accredited by the AF on the basis of accreditation to GCF and became eligible for fast-track accreditation to GCF:

(a) Palli Karma-Sahayak Foundation (PKSF) was accredited by the GCF Board on 2 October 2017 in decision B.18/05 paragraph (b) under normal track modality. PKSF was subsequently fast-track accredited by the Adaptation Fund board on 3 August 2021 in decision B.36-37/10 as a National Implementing Entity based on their accreditation to GCF;

(b) Caribbean Community Climate Change Centre (CCCCC) was accredited by the GCF Board on 9 July 2015 in decision B.10/06, paragraph (c) under normal track modality. CCCCC was subsequently fast-track accredited by the Adaptation Fund board on 8 April 2022 in decision B.38/2 as a Regional Implementing Entity based on their accreditation to GCF;

(c) The Pacific Community (SPC) was accredited by the GCF Board on 28 February 2019 in decision B.22/09, paragraph (b) under normal track modality. SPC was subsequently fast-track accredited by the Adaptation Fund board on 25 August 2021 in decision B.36- 37/12 as a Regional Implementing Entity based on their accreditation to GCF.

4. No new entities have been accredited by the AF, GEF or DG DEVCO since 31 August 2022 that are seeking to become eligible for fast-track accreditation to GCF.

II. Adaptation Fund

Table 3: List of national and regional implementing entities of the Adaptation Fund proposed for inclusion as entities eligible to apply for fast-track accreditation to GCF

Name	Acronym	Country
Palli Karma-Sahayak Foundation[a]	PKSF	Bangladesh
Caribbean Community Climate Change Centre[b]	CCCCC	Belize
Pacific Community[c]	SPC	New Caledonia

a The list of national implementing entities of the Adaptation Fund is available at https://www.adaptation- fund.org/apply-funding/implementing-entities/national-implementing-entity/. See also Adaptation Fund Boarddecision – B.36-37/10, available at https://www.adaptation-fund.org/wp- content/uploads/2021/08/Decision-B.36-B.37_10_Fast-track-Accreditation-of-PKSF_Bangladesh.pdf.

b The list of regional implementing entities of the Adaptation Fund is available at https://www.adaptation-fund.org/apply-funding/implementing-entities/regional-implementing-entities/. See also Adaptation Fund Board decision - B.38/2, available at https://www.adaptation-fund.org/wp-content/uploads/2022/05/AFB.B.38.11.-Rev.1- decision-document-FINAL.pdf

c See Adaptation Fund Board decision – B.36-37/12, available at https://www.adaptation-fund.org/wpcontent/uploads/2021/08/Decision-B.36-B.37_12_Fast-track-Accreditation-of-SPC.pdf.

5. The national direct access entity (i.e. PKSF) and the regional direct access entities (i.e. CCCCC and SPC) listed in table 3 have been confirmed via evidence provided by these entities regarding their successful accreditation as National Implementing Entity and Regional Implementing Entities of the Adaptation Fund (AF Board decision B.36-37/10 dated 3 August 2021, decision B.38/2 dated 8 April 2022, and decision B.36-37/12 dated 25 August 2021, respectively).

Annex VII: Summary of GCF direct guidance received from the twenty-seventh session of the Conference of the Parties to the United Nations Framework Convention on Climate Change and the fourth session of the Conference of the Parties serving as the meeting of the Parties to the Paris Agreement and proposals on how it will be addressed by the Board and Secretariat

Table 1: Summary of GCF direct guidance received from the twenty-seventh session of the Conference of the Parties to the United Nations Framework Convention on Climate Change and the fourth session of the Conference of the Parties serving as the meeting of the Parties to the Paris Agreement and proposals on how it will be addressed by the Board and Secretariat

Guidance item	Action by the Board/Secretariat
Decision -/CP.27 Report of the Green Climate Fund to the Conference of the Parties and guidance to the Green Climate Fund	
1. *Welcomes* the report of the Green Climate Fund to the Conference of the Parties at its twenty-seventh session and its addendum, including the information on actions taken by the Board of the Green Climate Fund in response to guidance received from the Conference of the Parties;	No action required
2. *Also welcomes* the ongoing efforts of the Green Climate Fund to make a significant and ambitious contribution to the global efforts towards attaining the goals set by the international community to combat climate change and adapting to its impacts and contributing to the achievement of the objective of the Convention, while taking into account the needs of developing countries;	No action required
3. *Further welcomes* the progress under the Green Climate Fund in 2022, including in relation to actions taken by the Board in response to guidance provided by the Conference of the Parties: (a) The increase in the number of funding proposals approved, which brings the total amount approved by the Board to USD 11.3 billion to support implementation of 209 adaptation and mitigation projects and programmes in 128 developing countries;	No action required

Guidance item	Action by the Board/Secretariat
(b) The increase in the number of entities accredited by the Board, which brings the total number of accredited entities to 114, of which 72 are direct access entities; (c) The increase in the approval of grants for readiness support for national adaptation plans and other adaptation planning processes, bringing the total number of grants approved to 87; (d) The update of the Simplified Approval Process, including increasing the Green Climate Fund funding amount per proposal to USD 25 million and introducing further simplification; (e) The adoption of the updated accreditation framework, which includes the implementation of the project-specific assessment approach as a complementary modality to the institutional accreditation process, and the adoption of the accreditation strategy; (f) The adoption by the Board of decisions concerning guidance on the Green Climate Fund vision, approach and scope for providing support to enhance climate adaptation, and on Principles for demonstrating the impact potential of mitigation and adaptation activities; (g) The adoption of the Private Sector Strategy; (h) The adoption of a policy for minimizing the effect of currency fluctuations; (i) The operationalization of the integrated results management framework; (j) The operationalization of the Indigenous Peoples Advisory Group; (k) The continued collaboration of the Green Climate Fund with the Adaptation Committee, the Climate Technology Centre and Network, the Least Developed Countries Expert Group and the Technology Executive Committee;	

Guidance item	Action by the Board/Secretariat
4. *Requests* the Board to ensure that the conditions it applies to projects are not inconsistent with approved policies and procedures;	The Board to take note of the request.
5. *Welcomes* the Fund's ongoing work to develop the Strategic Plan of the Green Climate Fund for 2024–2027;	No action required
6. *Also welcomes* the launch of the second replenishment of the Green Climate Fund for the period 1 January 2024 to 31 December 2027; and *recalls* that the Fund will receive financial inputs from developed country Parties to the Convention and may receive financial inputs from a variety of other sources, public and private, including alternative sources;	No action required
7. *Requests* the Board to continue to enhance coherence and complementarity of the Green Climate Fund with other relevant bilateral, regional and global funding mechanisms and institutions to better mobilize the full range of financial and technical capacities;	The Secretariat to explore options for further enhancing coherence and complementarity and present to the Board for consideration no later than B.37. The Secretariat to continue to enhance complementarity and coherence with relevant bilateral, regional and global funding mechanisms and institutions to better mobilize the full range of financial and technical capacities.
8. *Underscores* the importance of the Green Climate Fund's role in supporting the implementation of actions associated with developing countries' adaptation priorities and *urges* the Board to improve technical and capacity-building support for the development of projects and programmes based on national adaptation plans in line with the Board's approved guidance on support for adaptation;	The Board to consider this item as part of its work to update the strategy for the Readiness and Preparatory Support Programme.

Guidance item	Action by the Board/Secretariat
9. *Requests* the Board to continue to enhance support for the formulation and implementation of national adaptation plans to enable developing countries to take effective adaptation action;	The Board to consider this item as part of its work on the updated Strategic Plan 2024 – 2027 and update of the strategy for the Readiness and Preparatory Support Programme.
10. *Welcomes* the continued support of the Board under the Readiness and Preparatory Support Programme for enhancing support for technology development and transfer and capacity-building and *encourages* the Board to continue to support developing countries in this regard;	The Board to take note of the guidance in the context of its work on the update of the strategy for the Readiness and Preparatory Support Programme.
11. *Encourages* the Board to continue work on the request for proposals to establish technology incubators and accelerators in developing countries;	The Board to consider an overall approach to deployment of RfPs as part of its work on the update to the GCF Strategic Plan 2024-2027, informed by the IEU Rapid assessment of the GCF's Request for Proposals modality, following which Terms of Reference for RfP on technology incubators and accelerators could be considered for B.37.
12. *Requests* the Board to continue to accredit direct access entities, especially national and regional entities and institutions, in line with the updated accreditation framework and accreditation strategy, focusing on countries and regions with no or few accredited entities;	The Board to consider this item as part of Strategic matters relating to accreditation in line with decision B.34/19.
13. *Urges* the Board to maintain the balance it has approved between finance for adaptation and that for mitigation over time and to provide ambitious levels of adaptation support, emphasizing the need for adaptation as stated in decision 7/CP.20, paragraph 12;	The Board to consider this item as part of its work on the updated Strategic Plan 2024 – 2027.
14. *Requests* the Board to continue to address the needs of developing countries that are particularly vulnerable to the adverse effects of climate change;	The Board to consider this item as part of its work on the updated Strategic Plan 2024 – 2027 and update of the strategy for the Readiness and Preparatory Support Programme.

Guidance item	Action by the Board/Secretariat
15. *Invites* the Board to enhance support for the least developed countries, small island developing States and other developing countries in developing project pipelines and proposals, as well as for adaptation actions associated with the priorities in their national adaptation plans;	The Board to consider this item as part of its work on the updated Strategic Plan 2024 – 2027 and update of the strategy for the Readiness and Preparatory Support Programme.
16. *Encourages* the Board to continue supporting results-based payments through policy approaches and incentives for enhancing the contributions of developing countries to global mitigation efforts through the implementation of activities relating to reducing emissions from deforestation and forest degradation, conserving forest carbon stocks, sustainably managing forests and enhancing forest carbon stocks;	The Secretariat to prepare for the Board's consideration and approval a proposal on the financing of results-based payments for REDD+, building on the outcomes of the pilot phase no later than B.37; Secretariat to undertake open, inclusive and transparent consultations on the development of the proposal on the financing of results-based payments for REDD+.
17. *Invites* the Board to support the comprehensive implementation of the Fund's Private Sector Strategy and in this context support the Fund's engagement with the private sector, in particular local private sector actors and micro, small and medium-sized enterprises, to catalyse climate finance at scale, promote technical innovation and de-risk investments, including by providing early-stage and grant-based financing to the local private sector and start-ups in developing countries	The Secretariat to prepare an action plan and timetable focusing on the Fund's enhanced engagement with the local private sector as well as micro, small and medium-sized enterprises in developing countries, including by providing early-stage and grant-based financing to the local private sector and start-ups in developing countries, as part of the Secretariat's annual reporting to the Board on progress on implementation of the Private Sector Strategy under decision B.32/06 for consideration at B.37.
18. *Requests* the Board to consider enhancing ambition in the next version of its gender policy and invites the Board to take into account the implementation of the enhanced Lima work programme and its gender action plan within its existing guidance;	The Board to take note of the guidance and to request the Secretariat to continue to report on the implementation of the updated Gender Policy and GCF's Gender Action Plan.
19. *Encourages* the Board to consider enhancing the provision of support through the Readiness and Preparatory Support Programme for the development of national and subnational gender strategies, as they relate to climate, and consider further strengthening the gender programming of Green Climate Fund activities through supporting the implementation of the policies and projects therein;	The Board to consider this item as part of its work to update the strategy for the Readiness and Preparatory Support Programme.

Guidance item	Action by the Board/Secretariat
20. *Urges* the Board to continue incorporating indigenous peoples' and local communities' interests, perspectives, knowledge and climate priorities into its decision-making, including through its indigenous peoples' policy and the recommendations of the Indigenous Peoples Advisory Group as well as through continued engagement with, inter alia, the Facilitative Working Group of the Local Communities and Indigenous Peoples Platform and the International Indigenous Peoples' Forum on Climate Change;	The Board to take note and to decide to: Invite the co-chairs of the Facilitative Working Group (FWG) of the Local Communities and Indigenous Peoples Platform (LCIPP) to the next annual dialogue with the UNFCCC constituted bodies, in line with decision B.13/11; and Engage with the Indigenous Peoples Advisory Group (IPAG), including by requesting provision of guidance and advice, as relevant, and in line with the Indigenous Peoples Policy and IPAG terms of reference.
21. *Invites* Parties to submit to the secretariat views and recommendations on elements of guidance for the Green Climate Fund via the submission portal no later than 10 weeks prior to the twenty-eighth session of the Conference of the Parties (November–December 2023);	No action required
22. *Requests* the Standing Committee on Finance to take into consideration the submissions referred to in paragraph 21 above in preparing its draft guidance for the Green Climate Fund for consideration by the Conference of the Parties at its twenty-eighth session and the Conference of the Parties serving as the meeting of the Parties to the Paris Agreement at its fifth session (November–December 2023);	No action required
23. *Also requests* the Board to include in its annual report to the Conference of the Parties information on the steps it has taken to implement the guidance provided in this decision;	No action required

Guidance item	Action by the Board/Secretariat
24. *Takes note* of decision -/CMA.46 and decides to transmit to the Green Climate Fund the guidance from the Conference of the Parties serving as the meeting of the Parties to the Paris Agreement contained in paragraphs 2–10 of that decision.7	No action required
Decision -/CMA.4 Guidance to the Green Climate Fund	
1. *Recommends* that the Conference of the Parties at its twenty-seventh session transmit to the Green Climate Fund the guidance contained in paragraphs 2–7 below;	No action required
2. *Welcomes* the report of the Green Climate Fund to the Conference of the Parties at its twenty-seventh session and its addendum, including the information on actions taken by the Board of the Green Climate Fund in response to guidance received from the Conference of the Parties;	No action required
3. *Also welcomes* the ongoing efforts of the Green Climate Fund to make a significant and ambitious contribution to global efforts towards achieving the ultimate objective of the Convention and the goals set by the Paris Agreement to combat climate change and adapting to its impacts while taking into account the needs of developing countries;	No action required
4. *Requests* the Board to increase its support to developing countries in order to guide and enable Green Climate Fund programming to promote a paradigm shift across both high-impact areas of mitigation potential and countries' adaptation and resilience needs, including by supporting a wider alignment of financial flows with countries' climate plans and strategies;	The Board to consider this item as part of its work on the updated Strategic Plan 2024 – 2027.
5. *Encourages* the Board to continue supporting results-based payments through policy approaches and positive incentives for enhancing the contributions of developing countries to global mitigation efforts through the implementation of activities relating to reducing emissions from deforestation and forest degradation,	The Secretariat to prepare for the Board's consideration and approval a proposal on the financing of results-based payments for REDD+, building on the outcomes of the pilot phase no later than B.37;

Guidance item	Action by the Board/Secretariat
conserving forest carbon stocks, sustainably managing forests and enhancing forest carbon stocks, in accordance with Article 5 of the Paris Agreement;	Secretariat to undertake open, inclusive and transparent consultations on the development of the proposal on the financing of results-based payments for REDD+.
6. *Invites* the Board to take further action in relation to the Fund's approach to financing alternative policy approaches to results-based payments, such as joint mitigation and adaptation approaches for the integral and sustainable management of forests, in accordance with decision 16/CP.21;	The Board to consider requesting the Secretariat to update the paper on GCF approach to financing for forests and alternative approaches.[3]
7. *Requests* the Board to consider how to enhance support for just transitions of developing countries across economic sectors and transition to resilient economies, and how to provide better access to climate finance and enablers of just transitions, to the extent that this is in line with the existing mandate, investment framework, results framework, and funding windows and structures of the Green Climate Fund.	The Board to consider this item as part of its work on the updated Strategic Plan 2024 – 2027.

Annex VIII: Decisions taken between the thirty-fourth and thirty-fifth meetings of the Board

DECISION B.BM-2022/11 on recommendation on waiver before employment by the Secretariat

DECISION B.BM-2022/12

The Board, having considered document GCF/BM-2022/11 titled "Status of approved funding proposals: extension of deadline in respect of FP185 (Climate Change: The New Evolutionary Challenge for the Galapagos)":

Decides to extend the deadline until 11 October 2023 forthe submission by the Accredited Entity of a certificate or a legal opinion, in a form and substance satisfactory to the Secretariat, confirming that the Accredited Entity has obtained all final internal approvals needed by it and has the capacity and authority to implement the proposed project/programme, for following approved funding proposal:

(i) *FP185, titled "Climate Change: The New Evolutionary Challenge for the Galapagos".*

DECISION B.BM-2023/01

The Board, having considered document GCF/BM-2023/01 titled "Election of Co-Chairs of the Board for 2023":

Elects Mr. Nauman Bhatti and Ms. Victoria Gunderson as the Co-Chairs of the Board for 2023 for the period until 31 December 2023.

DECISION B.BM-2023/02

The Board, having considered document GCF/BM-2023/02 titled "Accreditation of observer organizations" and through a decision taken between meetings on a no-objection basis:

Approves the accreditation of the following organizations as observer organizations to the GCF:

Civil society organizations:

Člověk v Tísni, o.p.s. (CvT)/People in Need (PIN)

Private sector organizations:

Chemonics International Inc. (CI)

International entities:

None

Annex IX: Members and alternate members of the Board of the Green Climate Fund as at 13 March 2023

Members	Alternate members	Constituency/Regional group
Mr. Tlou Emmanuel Ramaru (South Africa) Policy Analyst, Higher Council for Environmental and Natural Resources Department of Environmental Affairs and Tourism	Ms. Pacifica F. Ogola (Kenya) Secretary, Climate Change Directorate Ministry of Environment and Forestry	Developing country Parties from the African States
Mr. Wael Ahmed Kamal Aboul-Magd (Egypt) Ambassador Ministry of Foreign Affairs	Dr. Antwi Boasiako Amoah (Ghana) Deputy Director, Climate change adaptation and vulnerability Environmental Protection Agency	
Mr. Tanguy Guillaume Gahouma-Bekale (Gabon) Special Advisor to the Gabonese President, Permanent Secretary of the National Climate Council	Mr. Hussein Alfa Nafo (Mali) Ambassador Africa Adaptation Initiative	
Mr. Yingzhi Liu (China) Director Ministry of Finance	Ms. Kyunghee Kim (South Korea) Director General of Development Finance Ministry of Economy and Finance	Developing country Parties from the Asia-Pacific States
Mr. Albara Tawfiq (Saudi Arabia) Policy Advisor Ministry of Energy	Mr. Mark Dennis Y.C. Joven (the Philippines) Undersecretary Department of Finance	
Mr. Nauman Bashir Bhatti (Pakistan) Director General Ministry of Foreign Affairs	Mr. Ahmad Rajabi (Iran) Director, Division for International Environment and Energy Ministry of Foreign Affairs	

Ms. Corina Lehmann (Argentina) Director of Environmental Affairs Ministry of Foreign Affairs, International Trade and Worship	Mr. Walter Schuldt (Ecuador) Director of Environment and Sustainable Development Ministry of Foreign Affairs	Developing country Parties from the Latin American and the Caribbean States
Mr. Orlando Garner (Honduras) Director General of Public Credit Ministry of Finance	Mr. Jaime Tramon (Chile) Senior Advisor, Financial and International Affairs Division Ministry of Finance	
Ms. Irma Martinez Castrillon (Cuba) Director Office for Fund Management and International Projects	Ms. Milagros de Camps German (The Dominican Republic) Deputy Minister for Climate Change and Sustainability Ministry of Environment and Natural Resources	
Mr. Karma Tshering (Bhutan) Chief, Policy and Planning Div. Ministry of Agriculture and Forests	Ms. Isatou F. Camara (Gambia) Deputy Director Ministry of Finance and Economic Affairs	Developing country Parties from least developed country Parties
Ms. Diann Black-Layne (Antigua and Barbuda) Director Department of the Environment	Mr. Teuea Toatu (Kiribati) Vice President and Minister Ministry of Finance and Economic Development	Developing country Parties from small island developing States
Ms. Nino Tandilashvili (Georgia) Deputy Minister Minister of Environmental Protection and Agriculture	Ms. Tessa Vaetoru (Cook Islands) Development Programme Manager Cook Islands Government	Developing country Parties not included in the regional groups and constituencies above
Ms. Marta Mulas Alcantara (Spain) Senior Advisor Spanish Vice-Presidency and Ministry for Economy and Digitalization	Ms. Alison Carlin (New Zealand) Lead Adviser, Climate Change Ministry of Foreign Affairs and Trade	Developed country Parties, Spain, Ireland, and New Zealand

H.R.H. Jaime de Bourbon de Parme (Netherlands) Climate Envoy Government of the Netherlands	Ms. Charlotte Just (Denmark) Chief Advisor, Dept. for Green Diplomacy and Climate Ministry of Foreign Affairs	Developed country Parties, Denmark, Luxembourg, and Netherlands
Mr. Jean-Christophe Donnellier (France) Inspector General French Treasury	Mr. Stéphane Cieniewski (France) Senior Adviser for Environment and Climate Ministry for Economy, Finance and Recovery	Developed country Parties, France
Dr. Ursula Fuentes (Germany) Head of the Unit for Financing International Climate Action and Environmental Protection, Multilateral Development Banks Foreign Affairs Office	Mr. Manfred Konukiewitz (Germany) Deputy Director-General Federal Ministry for Economic Cooperation and Development	Developed country Parties, Germany
Mr. Toshihiro Kitamura (Japan) Deputy Director General, International Cooperation Bureau Ministry of Foreign Affairs	Ms. Saito Saiko (Japan) Senior Negotiator for Climate Change, Climate Change Division Ministry of Foreign Affairs	Developed country Parties, Japan
Mr. Hans Olav Ibrekk (Norway) Special Envoy for Climate and Security Ministry of Foreign Affairs	Ms. Malin Meyer (Norway) Senior Advisor Ministry of Climate Change and Environment	Developed country Parties, Norway and Iceland
Mr. Tom Bui (Canada) Director of Environment Global Affairs Canada	Ms. Katrijin Coppens (Belgium) Secretary of Embassy Directorate for Climate and Environment Federal Public Service Foreign Affairs, Trade and Development Cooperation	Developed country Parties, Canada and Belgium
Ms. Gisella Berardi (Italy) Senior Advisor Global Public Goods Office Ministry of the Economy and Finance	Mr. José Delgado (Austria) Senior Climate Policy Advisor Austrian Federal Ministry of Finance	Developed country Parties, Italy, Austria, and Portugal

Mr. Stefan Denzler (Switzerland) Deputy Head State Secretariat for Economic Affairs, Multilateral Cooperation	Ms. Anna Merrifield (Finland) Director Climate and Environmental Diplomacy Ministry of Foreign Affairs	Developed country Parties, Finland, Hungary, and Switzerland
Mr. Leif Holmberg (Sweden) Deputy Director Ministry of Foreign Affairs	Mr. Dag Sjöögren (Sweden) Deputy Director Ministry of Foreign Affairs	Developed country Parties, Sweden
Ms. Sarah Metcalf (United Kingdom) Head of Climate Finance and International Systems Foreign, Commonwealth and Development Office	Mr. Edward Webber (United Kingdom) BEIS/UK Government	Developed country Parties, United Kingdom
Ms. Victoria Gunderson (United Sates) Director of Climate and Environment U.S. Department of Treasury	Hillary Clifford (United States) Foreign Affairs Officer U.S. Department of State	Developed country Parties, United States