



GREEN  
CLIMATE  
FUND

---

# Summation by the Global Facilitator – First Replenishment of the Green Climate Fund First Consultation Meeting

---

4-5 April 2019

Oslo, Kingdom of Norway

## **I. Introduction**

1. The First Consultation Meeting of the Green Climate Fund's First Replenishment (GCF-1) convened on 4 and 5 April 2019 in Oslo, Norway. Participants consisted of 27 potential contributors, a GCF Board Co-chair and eight GCF Board members, one observer each from the United Nations Framework Convention on Climate Change (UNFCCC), Global Environment Facility (GEF), and civil society organizations (CSOs), the GCF Executive Director, GCF staff, and Trustee. The Global Facilitator chaired the meeting.

## **II. Summary of Discussion**

### **2.1 Opening remarks and adoption of the agenda**

2. The Global Facilitator called the meeting to order and introduced the Honourable Aksel Jakobsen, State Secretary of the Ministry of Foreign Affairs of Norway. Mr. Jakobsen welcomed the participants and delivered a statement on behalf of the Norwegian authorities stressing the importance and urgency of the climate agenda and expressing his authorities' strong support for a successful GCF replenishment. He announced that Norway will double its contribution to the GCF from NOK 400M to NOK 800M from 2020.

3. The Global Facilitator then introduced Mr. Yannick Glemarec, the newly appointed Executive Director of the GCF. Mr. Glemarec expressed his deep appreciation for having the opportunity to serve as Executive Director, thanked the Norwegian authorities for their hospitality and noted the progress that the GCF had made since its foundation. He expressed his confidence that the GCF would continue to grow and adapt as the preeminent global climate fund with the strong support of its members.

4. The Global Facilitator introduced the agenda for the meeting. The agenda was adopted by the participants without any amendment.

5. Participants discussed whether the CSO representative could participate as an active observer under the decision adopted by the GCF Board for the First Replenishment. This issue was referred for further consideration to the Co-chair of the GCF Board in consultation with the Board members present. They concluded that this had to be considered at the twenty-third meeting of the Board.

### **2.2 Item 1: Report on the Implementation of the Initial Strategic Plan of the GCF 2015-2018**

6. The Deputy Executive Director gave a presentation based on document GCF/B.22/Inf.13, titled "Report on the Implementation of the Initial Strategic Plan of the GCF 2015-2018". This report had been presented to and discussed by the GCF Board at its twenty-second meeting of the Board.

7. Participants expressed their appreciation to the Norwegian authorities for hosting the event in Oslo. They thanked the Deputy Executive Director for a good paper and presentation and noted the great achievements of the GCF in the four years since it started its effective operation. They also

noted that the GCF is a learning organization that had to further develop its operational capacity and delivery. Contributors stressed the importance of filling policy gaps, including decision making in the absence of consensus. They raised the following key issues relevant for the Updated Strategic Plan to be prepared by the Secretariat for consideration at the twenty-fourth meeting of the Board and informed by the upcoming Performance Review of the GCF:

- Need for an overall focus on impact and on simplifying access;
- Importance of clarifying the goals in the strategic plan to reflect needed ambition and urgency, and clarify how GCF can deliver paradigm shift;
- Imperative of results-based management at both project and portfolio level, measurement and reporting, and attention to implementation of approved projects;
- Elaboration of how GCF can enhance country ownership, including through incentives for strategic country engagement in programming;
- Greater clarity on what types of projects GCF will support, in order to achieve good quality and balanced pipeline development based on Nationally Determined Contributions (NDCs) and improve project selection processes
- Streamlining the accreditation process, while also clarifying the role of accreditation and the types of entities to work with to deliver the GCF's mandate, and strengthening direct access;
- Focus on the most vulnerable countries, with an allocation of resources that reflects the needs of these countries and assures the highest impact, noting that needs are not evenly spread across different geographical regions or themes;
- Expanding and testing the use of private sector instruments;
- Incorporating an effective focus on gender; and
- Improving the quality, speed and efficiency of delivery and processing.

8. Board members noted that the urgency of improving the capacity and delivery of the GCF needed to be matched by the urgency and scale of financial resources contributed to the GCF, and that policy gaps should not be a hindrance in the replenishment process. They also noted the track record of the Initial Resource Mobilization phase demonstrated that the GCF was ready to deliver.

### 2.3 Item 2: Initial Findings of the Performance Review of GCF by the Independent Evaluation Unit, and Management Response

9. The Head of the Independent Evaluation Unit (IEU) of the GCF made a presentation on the upcoming Performance Review of the GCF which will deliver recommendations. The full report of the Performance Review with recommendations will be submitted to the GCF Board on 30 June 2019. The Head of IEU noted that the presentation is based on a synthesis of available documents that was used to assess the quality of and identify gaps in available documented evidence. This assessment informed the analysis of emerging areas that will be considered by the forward-looking Performance Review.

10. The Head of IEU stressed that the report comes at a key moment in the GCF's existence, since the evolution of institutions is path dependent and choices – and course corrections – adopted

now will have significant implications for the future successes of the GCF. The Head of IEU cautioned that at this early stage of the Review, the absence of evidence on impact should not be interpreted as evidence of absence of impact.

11. The Deputy Executive Director provided a management response, in which he welcomed the synthesis and underlined that the GCF was learning from the Performance Review, as from all evaluations that the IEU has been and is conducting. He stressed the close alignment between the initial findings of the Performance Review and the Secretariat's own assessment of progress as well as of opportunities and challenges which the GCF will face in the future.

12. Participants welcomed the presentation of the Head of IEU and the management response. They noted the fortuitous timing and the importance of the ongoing Performance Review, considering that GCF is a learning organization. They welcomed the close alignment between the initial findings of the IEU Performance Review and the Secretariat's own assessment. They raised the following key issues relevant for the finalization of the Performance Review, to the Updated Strategic Plan and the revised Strategic Programming paper, all of which will be presented to and discussed with the Board in 2019:

- The final report should give due credit to the context of the GCF and to the fact that it is still in its early years;
- The report should have actionable recommendations with prioritization and sequencing;
- It should reflect on the definition of paradigm shift, on the opportunity for leadership by the GCF in helping to achieve the paradigm shift, and on the urgency of action with results at scale;
- It should explore the comparative advantage of the GCF, show its value for money and consider possible unintended consequences of the GCF activities;
- It needs to consider alignment of the GCF's work with the NDCs and issues related to equity in access and transparency;
- The report will also need to address carefully the counterfactual issue, in view of the challenge of collecting reliable evidence on impacts at this early stage of the Fund's operations;
- It should provide an analysis of country ownership and how the GCF can best forge consensus on how best to achieve the desired mitigation and adaptation impacts; and
- It should address policy gaps that impede the achievement of results.

13. In her response the Head of IEU thanked participants for their helpful comments. The final report, which will be distributed to the Board at the end of June, will present definite findings and recommendations that represent actionable ideas for the Fund and the Board to consider while keeping in view the ambition of the GCF. She also noted that GCF governance issues are beyond the scope of this evaluation.

## 2.4 Item 3: Strategic Programming for the Green Climate Fund First Replenishment

14. The Secretariat presented key findings of the paper on “Strategic Programming for the Green Climate Fund First Replenishment”. This paper had been revised to reflect comments received by the GCF Board at its twenty-second meeting of the Board. The Global Facilitator invited all participants including observers to submit written comments to the Secretariat by Friday, 26 April 2019.

15. Participants welcomed the paper and the presentation. They stressed that the “Business as Usual” scenario is not an acceptable option, and that the GCF needed to urgently pursue the more ambitious scenarios identified in the paper commensurate with global climate goals and the latest science, while exercising caution about the methodology used to calculate the impacts for various scenarios.

16. Contributors identified a range of issues to be considered in a further revision of the paper for Board review and the outcomes of the replenishment process, including the following:

- The paper should note that the GCF is the biggest and potentially most impactful among climate funds and as such has the potential to make a critical contribution; at the same time its comparative advantage in relation to, and complementarity with other climate funds need to be more clearly articulated;
- Options presented in the paper for enhancing the performance, efficiency and effectiveness of the GCF needed prioritization and sequencing. Some participants questioned what they regarded as an optimistic assessment of the GCF’s delivery capacity and noted that quality mattered at least as much as quantity. Others noted that the GCF needed to aim for both quantity and quality;
- Many contributors stressed that GCF policy gaps needed to be closed, including and especially decision making in the absence of consensus. Several Board members noted that the focus of the programming exercise should be on impact, and that policy conditionalities for the replenishment should be avoided;
- Country ownership is critical, linking support to the implementation and update of NDCs and country needs, with the role of country programming to be further explored;
- A more strategic approach to programming is needed, including reform of the Requests for Proposals (RfP) modality along with a more focused approach to pipeline programming. There was interest to better understand impact potential across and improved balance between results areas. A number of participants cautioned against earmarking;
- There was interest in the GCF developing portfolio-level goals for mitigation and adaptation, but taking care to ensure any quantitative goals take account of the GCF’s focus on paradigm shift and circumstances of the most vulnerable countries;
- The approach to adaptation should be further developed, aiming for GCF to drive greater scale of adaptation action, as well as cross-sectoral approaches to resilience;
- The catalytic/leveraging role of GCF is central, but the co-financing ratio should not be the sole metric and must take account of country circumstances;
- The report needs to further address the potential for unlocking the private sector investment, including the use of innovative financing and blending, while avoiding crowding

out. Some participants specifically cautioned against the consideration of the GCF's use of climate bonds;

- The accessibility and predictability of the accreditation process need to be improved; and
- The Simplified Approvals Process should be expanded and access streamlined.

17. Several Board members commented on the need for a sizeable GCF-1 replenishment, with one pointing to the contribution levels during the Initial Resource Mobilisation (IRM) as setting the minimum benchmark.

18. The Secretariat welcomed the many comments received and was committed to give them full consideration in its further revision of the paper and in its ongoing support to the replenishment process and the Board.

## 2.5 Item 4: Policies for Contributions

19. The Secretariat presented the document "Update on Policies for Contributions" and "Minimum Contribution Applicable for Participation in the First Replenishment for the Green Climate Fund". After the presentation, the Global Facilitator invited comments from the Participants for each of the nine chapters outlined in the paper. The Global Facilitator also invited all participants including observers to submit written comments to the Secretariat by Friday, 26 April 2019.

20. The following comments and suggestions were made by the participants:

(a) Chapter 1 (Resource Mobilization Approach)

- Overall, there was a strong support from most of the participants for not setting a minimum contribution requirement. However, two contributors recommended that the Board consider a minimum contribution to participate for the next replenishment to create incentives to be as ambitious as possible.
- Regarding the periodicity of replenishment, there was strong support from most of the contributors to have a fixed four-year period, since this enhances the predictability of contributions and sound financial management. One contributor favoured the trigger system employed under the IRM instead of a fixed periodicity of replenishment, given the fact that GCF is still in an early stage of its institutional development. Some members of the Board noted their support for the trigger system. Further, several contributors noted their interest to have further analysis on the combination of the trigger system and the fixed replenishment period cycles.
- Regarding effectiveness, various participants noted that the effectiveness threshold should be lowered. One contributor stated that it would be preferable to keep it at its current level of 50%.
- Contributors also stressed the need for the flexibility of the encashment schedule of promissory notes, which was noted and assured by the Secretariat.

(b) Chapter 2 (Types of Contributions): No comments were made.

- 
- (c) Chapter 3 (Financial Terms of Contribution): No comments were made.
- (d) Chapter 4 (Policies for Grant and Capital Contribution):
- Some contributors noted that flexibility for deposits and encashment of promissory notes is required.
  - One contributor representative requested to consider a system of credit and discount for the payment of cash and encashment of promissory notes based on the speed of payment schedule.
  - In response to a question from a participant, the Secretariat explained that the requirement of foreign exchange reserves (20%) is part of the risk management framework and that, if GCF were to consider a hedging approach, fixed dates of encashment schedule are required, otherwise unwinding hedged positions could be very costly.
- (e) Chapter 5 (Policies for Loan Contributions):
- Some contributors proposed that the prudential debt limit of 20% at the aggregated level be combined with flexibility at individual contribution level so that there are no additional constraints imposed on the level of individual contributions.
- (f) Chapter 6 (Commitment Authority): No comments were made.
- (g) Chapter 7 (Managing Risks of Non-Payment of Contribution):
- Some contributors noted that management of non-payments of pledges and contributions involves political considerations beyond technical ones, and that it is important for the GCF to signal to the contributors that pledges are expected to be implemented.
  - The representative from the United States of America informed that its pledge for the IRM period had not been confirmed and therefore should not be considered in arrears.
- (h) Chapter 8 (Foreign Exchange Risk):
- Two contributor representatives noted that this financial policy matter has to be considered very carefully for the first replenishment and more analysis of appropriate modalities is required, including whether other currencies (such as the Euro) could be considered as the base currency.
- (i) Chapter 9 (Loan Contribution Terms): No comments were made.
- (j) One contributor representative stated that although there will not be a policy decision on alternative sources of funding during this replenishment process, it is important to make allowance for the private sector to make contributions eventually.

21. The Secretariat took note of the comments and suggestions of the participants. It further stated that a draft of the revised Policies for Contributions will be considered at the twenty-third

meeting of the Board and with the final version to be considered at the Second Replenishment Consultation Meeting in August 2019.

## 2.6 Item 5: Reference Exchange Rates

22. The Trustee presented the document “Reference Exchange Rates”. It was agreed by the participants to adopt the six-month period from 1 February to 31 July 2019 as the time period for the calculation of the reference exchange rates, so they are available to contributors before the Second Replenishment Consultation Meeting in August 2019.

## 2.7 Item 6: Organizational Matters

23. The Secretariat made a presentation on the topic of “Organizational Matters”. It covered (i) the timetable of the first replenishment process including sequencing of replenishment meetings; (ii) the work plan for the Second Consultation Meeting and for the Pledging Conference; and (iii) date and location of Second Consultation Meeting and Pledging Conference.

24. It was agreed that the draft Replenishment Summary Report will be shared and consulted among the participants at the August Consultation Meeting and finalized at the Pledging Conference.

25. Regarding the proposed revised workplan for the August Consultation Meeting, participants noted that that it would be too early to discuss indicative pledges and that funding scenarios should be discussed as a separate agenda item.

26. Participants agreed that the Second Consultation Meeting will take place on 29-30 August 2019. Regarding the selection of host for the Second Consultation Meeting, all active expressions to host from Hungary, Jamaica, and Liberia were recognized. The representative from Hungary reiterated her authorities’ strong interest in hosting the meeting in August. Luxembourg also announced their official interest in hosting. In light of the importance of a prompt and efficient decision making on the host for the August meeting, Liberia announced the withdrawal of its expression of interest to host. It was agreed that the Secretariat invite any additional expressions of interest to host the August meeting until the end of April and make the decision by mid-May.

27. Regarding the location of and dates for the Pledging Conference, other than the Republic of Korea, no additional expressions of interest or intent have been received so far. It was agreed that a further discussion on this would be made at the Second Consultation Meeting when more information is available. The date of the Pledging Conference remains to be considered and decided.

28. The sequencing of replenishment meetings was discussed to determine the timing of the Pledging Conference and Board Meeting to endorse the outcome of the replenishment process. A Board Member highlighted that it is imperative to have another Board Meeting in 2019 after the Pledging Conference to endorse the outcome. This view was supported by another Board Member noting that the Board Meeting should take place in late-November before COP25. Both Board Members highlighted that it is also very important to see the link between the UN Secretary - General’s Climate Action Summit and the Pledging Conference, and to include the Climate Action Summit as part of the replenishment timetable. The Secretariat confirmed that this has been reflected in the GCF Replenishment Roadmap. Some participants considered that an extraordinary Board meeting should not be scheduled close to COP25. The Global Facilitator encouraged the GCF



Board to deliberate further on the most appropriate time for a potential fourth Board Meeting in 2019.

### **III. Closing Session**

29. The Global Facilitator provided an oral summation of the meeting followed by a brief set of comments from the participants, which the Global Facilitator incorporated into the final version of the Summation.

30. The Executive Director expressed his heartfelt thanks to the Norwegian hosts, to all participants and to the GCF Secretariat for the exemplary organization of the meeting and for the highly productive exchange. The Executive Director noted the call for GCF to drive for pursuit of impact and generate confidence that the GCF would deliver results soundly and speedily in responding to the urgency of the climate change. He noted a key outcome from the First Consultation Meeting was the need for a more strategic approach to programming, and that the Secretariat was ready to respond with the work to underpin this.

31. The Global facilitator added his own words of appreciation and closed the meeting.

## **Annex I: Revised Workplan for Second Consultation Meeting (29-30 August 2019)**

### For Discussion:

- Final IEU review of GCF performance
- Draft of the Replenishment Summary Report
- Draft of Updates to Policies for Contributions and contributions arrangements
- Funding scenarios and update on pledges

### For Outcomes:

- Agreed draft of the Replenishment Summary Report
- Agreed draft of Updates to Policies for Contributions and contributions arrangements