

Climate Finance Advisory Service



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Daily Briefing

15th Green Climate Fund Board Meeting (14 December 2016)

This is the Climate Finance Advisory Service (CFAS) Daily Briefing. Produced at key meetings and negotiations by the CFAS expert team, the Daily Briefings try to provide a concise, informative update on key discussions that have taken place at each day of the meeting and give an overview of substantive points of action or progress. Please note that this is an independent summary by CFAS and not officially mandated by the GCF Board or Secretariat.

During the meetings, CFAS experts are available to provide advice to and answer specific questions for Board Members, Alternates and their advisers from developing countries. The CFAS team can be reached via cfas@germanwatch.org.

Previous daily briefings and other CFAS analyses are available on the new CFAS website www.cfasis.info.

The CFAS Team

Summary from 14 December 2016

On Wednesday, 14 December 2016, the Board of the Green Climate Fund (GCF) resumed its 15th meeting.

Implementation of the 2016 Board Work Plan

During past Board Meetings, mandates had been given to the Co-Chairs to conduct consultations on various issues and to present draft decisions to the Board by the end of the year. These issues include the creation of additional standing committees of the Board, guidelines to determine in which cases decisions may be taken without a Board meeting, decision-making in the absence of consensus, the travel policy, co-financing arrangements with other funds and a policy for programmatic approaches. The Co-Chairs presented a report on the status of the consultations. Since there was no consensus on this item, the Co-Chairs recommend to continue consultations on these items and report back at the next meeting.

Implementation of the Strategic Plan

This is a standing agenda item, where the Board usually considers progress on the implementation of the strategic plan, based on a report prepared by the Co-Chairs. The Co-Chairs reported that due to the limited amount of time since the last meeting, they had not had time to prepare this document. The Board agreed to take the matter up again at its next meeting.

Draft Work Plan of the Board for 2017

The Co-Chairs presented their proposal for a work plan for 2017, including the deferral of several items, to the Board for approval. Some Board Members expressed their concern that the postponement of the review of the gender policy to the 18th Board meeting would not be appropriate given the importance of the matter. One Board Member requested the addition of an item on an investment policy for the Fund's assets to the work plan for the coming year, so that the Board could for instance provide guidance to the trustee not to invest the Fund's assets in fossil fuels. Board members also indicated what they saw as focus areas for 2017, including the accreditation strategy, clarifying risks, relationship with other funds and with the private sector. Since Board Members could not find consensus on the proposed work plan, the Co-Chairs suggested deferral to the next Board meeting, where the new Co-Chairs could present an updated draft reflecting concerns raised in the discussion.

Guidance from the COP

The Co-Chairs presented a proposal for the implementation of the guidance received from the 22nd Conference of the Parties (COP) to the UNFCCC in Marrakech. Major elements of the guidance include issues related to gender; the increase in funding proposals from direct access entities in the project pipeline; National Adaptation Plans, linkages between the Technology Mechanism and the Financial Mechanism of the Convention; appropriate arrangements with countries on Privileges and Immunities; as well as the development of modalities to support activities enabling private sector involvement in LDCs and SIDS.

After expressing their views on the decision Board members approved the document with minor changes.

Progress Report on REDD+

Following the decision on support for REDD+ adopted at the previous meeting, the Board considered a report on the progress made in developing a request for proposals for REDD+ results-based payments and further guidance to support efforts by national designated authorities and focal points to engage with the GCF in early phases of REDD+.

A civil society representative raised concerns about the need for clear guidelines and a timeline for stakeholders' consultations, and highlighted the importance for the GCF to decide on having a focal point for indigenous people to support an inclusive mandate. Board members supported the suggestion, with some emphasizing the need to develop a concrete work plan on REDD+ related activities. In addition to the proposed process for receiving stakeholder and expert inputs elaborated in the progress report, Board Members were also supportive of a proposal emerging in the discussion of having virtual consultations with other stakeholders to collect inputs on REDD+. To follow up with the next steps provided in the paper, the Co-chairs appointed Mr. Tosi Mpanu-Mpanu (Democratic Republic of Congo) and Ms. Caroline Leclerc (Canada) to facilitate consultations related to the agenda item on support for REDD+.

Country Programme and Readiness

Progress Report on the Readiness and Preparatory Support Programme

The Secretariat presented its report on the progress of the readiness programme. As at November 2016, the GCF has approved 74 readiness and preparatory support requests covering 61 countries totalling USD 21.9 million. Highlights from the report include a growing number of regional and national structured dialogues, country programmes and support for new areas such as national adaptation planning and enhancing direct access. The Secretariat estimates that additional funds of USD 100 million would be required to implement all of the upcoming work under the programme.

Board Members welcomed the report and underscored the importance of readiness support for the success of the Fund. Some Board Members stressed that readiness funds should be disbursed faster, by simplifying complicated administrative and legal requirements. Another Board Member called for guidelines on the support for national adaptation plans (NAPs) to be provided under the readiness programme. There were divergent views on how much funding should be made available for the next steps of the readiness programme, ranging between USD 30 million and USD 100 million. The Co-Chairs will develop a draft decision on this matter and present it to the Board the following day.

Country and Accredited Entity Programmes

The Secretariat reported on the preparation of country programmes and accredited entity work programmes in the context of the implementation of the initial strategic plan for the GCF. The objective of such programmes is to enhance country-led planning. The Secretariat is currently engaged with nearly 100 countries to develop country programme briefs; over 15 countries have completed this process. Similarly, entity work programmes summarize potential projects to be submitted to the GCF and an action plan for engagement with the GCF, including capacity building needs. The Secretariat has engaged with all 17 national and regional direct entities on this. Country and entity programmes together will then inform regional roadmaps defined in structured dialogues. Board Members welcomed the progress made on this issue. One Board Member requested that there be a Board decision on next steps. The Co-Chairs will consult and come back with a proposal the coming day.

Country Ownership Guidelines

At the previous Board meeting, the Co-Chairs had asked two Board Members to conduct consultations on country ownership guidelines and present a revised version to the Board. This revised version was presented to Board Members. In particular, it was stressed that while strengthening the role of the national designated authority (NDA) or focal point was a key aspect of country ownership, it went beyond this. Country ownership should be understood as a broad process involving several stakeholders with relevance not only for project approval, but also strategy development and project implementation and evaluation. Some Board Members felt that the present draft was not mature enough and that the time for consultation had been insufficient. The Co-Chair suggested that alternate Board Members Amjad Abdulla (Maldives) and Daniel Reifsnnyder (United States) continue consultations and present a further revised draft to the Board at its following meeting.

Competitive Process for the Selection of the Permanent Trustee

The Board discussed a process for the selection of the permanent trustee. The proposed decision was to request the Secretariat to develop terms of reference for an open bidding process. These terms of reference would then be presented for approval to the Board, then a call for bids would be launched and finally a new trustee selected. Several Board Members pointed out that it would be important to identify a trustee that would allow contributors to continue to contribute. One Board Member from a developed country explained, for example, that because of legal restrictions, his government could only contribute to a fund if the trustee was an international financial institutions. Another Member pointed out that experience in managing large trust funds as well as privileges and immunities that ensure that the Fund's assets are protected would be important considerations for contributors to feel confident that they could contribute. On the other hand, several other Board Members were of the views that it would be premature to reflect such conditions in the decision text now and that the process should stay as open as possible. If it were necessary to adopt stricter selection criteria, this could be done later, given that the proposed decision would only be the first step of a process. It was decided that the Co-Chairs would consult and bring a revised decision text back to the Board for consideration and adoption.

Approval of Work Plans and Budgets for Independent Accountability Units

The newly appointed heads of the Independent Redress Mechanism (IRM), Lalanath da Silva, and Independent Integrity Unit (IIU), Ibrahim Pam, presented their respective work plans and budgets to the Board. The IRM plans to build a small team, with two new positions, and to begin a participatory and transparent process to revise the terms of reference and guidelines for the mechanism. The objective is for the IRM to be in a position by the end of the year to be able to accept and process complaints related to the operation of the GCF. The IIU similarly plans the creation of a small team, with two new hires, to be able to begin work both on the proactive, preventative side as well as the reactive, investigative side, addressing allegations of fraud and corruption.

Board Members welcomed the new heads of the new units and their proposed work plans. Some raised questions on how their budgets would interact with the overall administrative budget as well as on detailed items within the budget. It was agreed to allow for a meeting between interested Board Members and the new heads to clarify these questions in the evening and to take the matter up again the following day.

Matters Relating to Accreditation

As usual, the Secretariat introduced the agenda item by giving a short presentation on the pipeline of accreditation applicants, as well as the overall status of accreditation in the GCF. Accordingly, 195 applications were received as of 30 November 2016, out of which 41 have been accredited so far. 15 entities have already signed legal agreements with the GCF. Following the input by the Secretariat, the Accreditation Panel (AP) briefly introduced the 7 new entities seeking accreditation at this meeting - 5 direct access and 2 international access entities. While providing information on the entities, the AP highlighted that 3 entities fully met the Environmental and Social Safeguards, as well as the Gender Policy requirements. In case of 4 entities, conditions were attached in order to complete the accreditation process.

Following the presentations, the Board decided to consider accreditation proposals one by one, providing members and observers the opportunity to comment on the applicants. One Board member raised strong concerns on the suggested approach, which in his view could potentially jeopardize the reputation of the applicants, without allowing them to react to potential questions.

Ultimately, the Board decided to approve the accreditation of all 7 entities, taking into account the conditions proposed by the AP. They include: the Foreign Economic Cooperation Office (FECO) of the Ministry of Environmental Protection of China; the Korean Development Bank (KDB), Republic of Korea; PT Sarana Multi Infrastruktur (PT SMI), Indonesia; the Central American Bank for Economic Integration (CABEI); the Fundación Avina, Panama; the Société de Promotion et de Participation pour la Coopération Economique (PROPARCO), France; and the World Wildlife Fund (WWF), United States of America.

In addition, the Board also decided to upgrade the accreditation type of 'Conservation International Foundation' from risk Category C (minimal to no risk) to B (medium risk).

Before concluding the agenda item on 'matters relating to accreditation', the Board discussed Accreditation Master Agreements (AMAs) in a closed session.

Dates and Venues of Upcoming Meetings of the Board

Before turning to the last agenda item for the day, Board members considered dates and venues of upcoming GCF meetings. At the outset, the Co-Chair reported on a letter received from the Kingdom of Tonga, extending the offer to host a GCF Board meeting in 2017. Similarly, Board members from Georgia and Egypt also expressed interest in hosting a Board meeting next year.

Regarding dates and venues for 2017, the Board decided to hold B.16 from 4–6 April in Songdo, Republic of Korea. Tentatively, the Board narrowed down the dates for B.17 and B.18 to 4–6 July and 3–5 October 2017 respectively, with the view to confirm the exact dates (and venues) prior to each meeting.

Staffing of the Secretariat

As the last item of the day, the Board turned to discuss staffing of the Secretariat. The head of human resources reported that steady progress has been made in recruiting new staff, with 46 concluded recruitment processes since the thirteenth meeting of the Board. Of the 46 job offers made, 36 have been accepted, three were promotions which did not increase the number of staff, and 7 have been declined or not yet accepted. With recruitment processes already well advanced for an additional 27 posts, and others to be launched imminently, the target of 100 filled posts is expected to be reached in early 2017. Last but not least, it was suggested to approve the creation and staffing of the position of 'Director of Communications, Outreach and Partnerships', in charge of the development of the communications strategy and to identify a suitable staffing structure to implement efficient and effective delivery.

The Board's Budget Committee also provided its views, welcoming the progress made so far, in particular on improving the gender balance of the international and administrative staff, while also raising concerns about staff resignation and highlighting the important role of the review of the Human Resources Guidelines of the Fund.

Board members took note of the report and progress made, reiterating the importance of having sound HR guidelines. One member requested the Secretariat to explore the reasons behind resignations and suggested to revise the outreach and communication plans, in order to achieve a better impact. It was also proposed to create a new position to support the incoming Executive Director. The Board will continue deliberations on the item tomorrow.

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