

Climate Finance Advisory Service

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Daily Briefing

6th GCF Board Meeting
(18–21 February 2014, Bali)

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.

Summary from 20 February 2014

Policies and procedures for the initial allocation of Fund resources

The sixth meeting of the Board of the Green Climate Fund (GCF) in Bali, Indonesia resumed on Thursday, February 20th with a discussion on policies and procedures for the initial allocation of Fund resources. Board members were asked to consider a proposal contained in document GCF/B.06/05 that described a two-tiered approach. For the first tier, it proposed an initial target of 20% of resources allocated to the Private Sector Facility (PSF); a target of balanced allocation between mitigation and adaptation (including funds committed through the PSF), with 30-50% going to adaptation activities; a floor of at least 10% of total commitments for particularly vulnerable countries, including Least Developed Countries, Small Island Developing States and African states; and a cap of 5% of commitments for any one country. The second tier will be detailed in the decision on the Proposal Approval Process. Much of the discussion focused on the targets for the first tier, with Board Members making several suggestions to decrease, increase or remove them and debating whether they would be indicative or binding. Since no agreement could yet be reached, a small group of Board Members was set up to discuss a way forward.

Options for a fund-wide gender-sensitive approach

The paper on a gender-sensitive approach prepared by the Secretariat (GCF/B.06/13) was positively received by Board Members. It provides elements for the operationalization of gender sensitivity in all the Fund's activities, processes, and procedures and suggests that a decision be prepared for the October Board Meeting. Board Members stressed the importance of a gender-sensitive approach to the Fund's mandate and of reflecting the gender dimension in the many operational decisions to be taken at the May meeting. Some also suggested that a decision on this issue should be scheduled for May, rather than October. The Co-Chairs will consult and come back to the Board Members with a suggested way forward.

Terms of reference of the Independent Evaluation Unit, the Independent Integrity Unit, and the Independent Redress Mechanism

Next, the Board was scheduled to consider the terms of reference for three independent units that will be part of the governance structure of the Fund (document GCF/B.06/06). The Board's Ethics Committee had been tasked with discussing these documents, but the Chair of the Committee

reported that Committee members needed additional time to complete their deliberations. The agenda item was therefore suspended.

Country ownership

The Board discussed a draft decision on country ownership, contained in document GCF/B.06/07. The paper from the secretariat included a proposal for a no-objection procedure, along with best practices for the establishment and composition of national designated authorities (NDAs) and focal points, and best-practice options for country coordination and multi-stakeholder engagement. The draft decision stated that the Fund would only finance activities in countries that do not object to such activities, as expressed in a no-objection letter by the NDA or focal point. If neither objection nor non-objection letters are received after three weeks, the Secretariat would contact the NDA or focal point and request a reply within two weeks. Once that time has elapsed, a tacit non-objection would be assumed.

The discussion primarily focused on the non-objection procedure. Several Board Members questioned the tacit approval provision and called for active endorsement of all activities by the NDA. Questions were also raised on the appropriateness of the proposed five-week timeline. Another issue was whether the non-objection procedure could be differentiated by project type and that the Private Sector Advisory Group (PSAG) should, as suggested in the draft decision, consider appropriate procedures for private sector projects, with several Board Members saying that the non-objection provisions should apply uniformly to all activities. Several Board members also pointed to the provisions in other Funds, which could serve as a model. Many Board Members also stressed that country-ownership should not be reduced to no-objection by the NDA and that robust guidelines on multi-stakeholder engagement would be needed. A small group of Board Members was set up, in order to identify convergences and divergences of views and suggest solutions.

The remainder of the afternoon until the end of the day was spent by the Board in closed executive session to discuss the travel policy and administrative matters.

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