

# Climate Finance Advisory Service

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Daily Briefing

## 11th Green Climate Fund Board Meeting (2 November 2015)

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 SCF.

### Summary from 2 November 2015

On Monday, 2 November 2015, the Board of the Green Climate Fund (GCF) convened for its 11th meeting in Livingstone, Republic of Zambia. This Board meeting comes at a critical point in time for the GCF. Four weeks before the beginning of the Paris climate summit, the Board is expected to approve the first funding proposals, showing that the GCF is indeed operational.

#### **Opening of the meeting**

The two Co-Chairs, Mr. Henrik Harboe (Norway) and Mr. Gabriel Quijandria (Peru), opened the meeting and welcomed Board Members, Alternates, advisers and observers. Pointing out that this Board meeting is not only taking place for the first time in Africa, but also for the first time in a Least Developed Country, they thanked Zambia for its hospitality.

Altogether, there are 34 agenda items for consideration at this meeting. The proposed agenda was adopted, with no substantive changes, but some modifications to the sequencing of agenda items. The report of the 10th Board meeting was also adopted.

#### **Reports of the Board, Co-Chairs, Secretariat and Committees**

The Co-Chairs reported on the main activities they undertook from early July to early October 2015, including teleconferences and finalizing the fourth report of the GCF to the Conference of the Parties (COP). Interactions with other bodies under the United Nations Framework Convention (UNFCCC) were highlighted, such as the Technology Executive Committee (TEC) and the Adaptation Committee.

The Executive Director, Hela Cheikhrouhou, reported on the activities of the Secretariat since the 10th Board meeting. Board members asked questions and discussed the issue of privileges and

immunities. Some Board members also suggested that the Secretariat should further improve its communications strategy to promote the GCF and its activities and to accurately explain the role of the GCF. Some Board members also requested better and more timely information on activities of the Secretariat. However, Board members shared the view that despite its small staff, the Secretariat has overall been very responsive to the demands of the different stakeholders. It was pointed out that the Secretariat is currently understaffed to adequately respond to increasing demands. This issue will be discussed in more detail under the agenda item on the annual update of structure and staffing of the Secretariat.

Before the lunch break, the representative of the different Committees and Panels provided short reports on their work undertaken since the last meeting. This included the Accreditation Committee, Accreditation Panel, Investment Committee, Independent Technical Advisory Panel, Ethics and Audit Committee and Risk Management Committee. The Private Sector Advisory Group did not meet since the 10th meeting.

### **Readiness Programme Implementation (Progress Report)**

A progress report was presented by the Secretariat, providing an overview of the state of play of the readiness and preparatory support programme since the last board meeting. During the reporting period, the Secretariat has committed resources for 10 countries, bringing the total number of countries to 17 and the total volume of support committed to \$4.6 million. Of this amount, \$48,000 have been disbursed so far to support NDAs and focal points. Given the increased demands for support, the Secretariat requested the Board to approve an additional \$14 million for the readiness and preparatory support programme for 2016. In addition, it was suggested that up to an additional \$2 million may be allocated to each country for the preparation of a National Adaptation Plan (NAP), separate from the country's annual cap for readiness and preparatory support. In the discussion in the Board it was emphasized that readiness goes far beyond capacity building, and should endow countries with capacities to effectively deal with the GCF. Several Board members highlighted the need to expedite the implementation of the readiness programme, as disbursement so far have been rather low. Many Board members said that the annual USD 1 million cap per country for readiness may not be sufficient to truly capacitate countries. The co-chairs are going to work on the draft decision and present it to the Board for adoption in the next days.

## Status of the Initial Resource Mobilization Process

The Secretariat provided an update on pledges and contributions. On 5 October 2015, 27 countries had signed contribution agreements for part or all of their pledge, while only 14 countries have not signed contribution agreements for part or all of their pledge yet. The Board then discussed on the impact of foreign exchange variations on the total amount committed during the High-level Pledging Conference. According to the Secretariat, the original value of pledges has been reduced from USD 10.2 billion to USD 9.1 billion as at late September 2015, due to changes in exchange rates. Board member discussed ways to protect the GCF against foreign exchange volatility, with some Board members pointing out that hedging against currency risk would be too costly. In addition, a Board member also suggested developing policies on funding from non-state actors and innovative sources of finance. This proposal was supported by members from both developed and developing countries and the Co-Chairs will work on a draft decision on this matter.

## Strategic Plan for the Green Climate Fund (Progress Report)

The Board began to consider the issue of a strategic plan for the Fund. There were questions as to the status of the progress report the Secretariat had prepared on the issue. Some Board Members said that the discussion should be based on the submissions made by Board Members after the last meeting, rather than the proposed progress report by the Secretariat. Given that the end of the meeting day was approaching, it was decided that, while the Co-Chairs would consult to clarify the status of Secretariat paper, a small group of Board Members would work on the strategic plan, particularly a way forward until the next meeting, and report back to the Board in the next days.

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