

Climate Finance Advisory Service



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Daily Briefing

12th Green Climate Fund Board Meeting

(10 March 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.

The CFAS Team

Summary from 10 March 2016

On Thursday, 10 March 2016, the Board of the Green Climate Fund (GCF) reconvened for the third and final day of its 12th meeting. At the beginning of the day, the Co-Chair in his opening remark made a plea to the Board Members to focus on adopting the remaining decisions for this meeting. The Board successfully accomplished this task over the course of the day and closed the meeting around 9:30 pm - early compared to past meetings.

Progress and Outlook Report of the Readiness and Preparatory Support Programme

The Secretariat gave a short presentation on the progress achieved in providing readiness support to developing countries since the last Board meeting. By the end of February 2016, the Secretariat had received 139 nominations of national designated authorities or focal points in developing countries. The Secretariat had direct contact with nearly 110 countries through regional workshops, received readiness requests from 101 countries, and readiness proposals from 60 countries. The Secretariat has so far approved proposals for readiness support in 45 countries under activity areas 1–3 of the readiness programme, totaling USD 11.2 million. Thirty of the 45 countries are small island developing states, least developed countries or African states. Three case studies were also presented, in order to provide the Board with concrete examples of readiness support.

Board Members expressed their appreciation of the efforts undertaken by the Secretariat. However, some Members also expressed concerns about the slow pace in disbursing readiness support and emphasized the need to simplify access to readiness funds, particularly with regard to the necessary legal agreements. In addition, Board Members pointed out the need to hire full time staff for the coordination and facilitation of readiness activities, particularly at the regional level. It was also suggested that more regional workshops were needed. After discussion of several draft versions, the Board adopted a decision, which is mostly of procedural nature. It also instructs the Secretariat to provide advance payment up to a limit of USD 50,000 to countries or their delivery partners that have concluded readiness grant agreements where, in the judgment of the Secretariat, lengthy domestic processes are required to satisfy all of the Fund's requirements. This arrangement is on an interim basis, until the board has identified alternative arrangements for readiness grants, which will be discussed at the next meeting.

Review of the Interim Trustee and Initiation of a Process to Select the Permanent Trustee

As reported in previous CFAS daily briefings, this agenda item follows up on a decision taken at the eight meeting of the Board that the process of review of the interim Trustee and appointment of the permanent Trustee should be concluded by the end of 2017. Board Members discussed how to conduct the review and adopted a decision requesting the Secretariat to engage an independent third party to implement the review of the interim trustee, in consultation with the Risk Management Committee. This was important in the view of some Board Members in order to ensure the credibility of the review. The decision further requests the Secretariat to develop the terms of reference for the review. The review will be finalized by the 14th meeting of the Board. The selection of the permanent Trustee will then follow. The decision requests the Secretariat to prepare a document for the 15th meeting, which lays out the modalities for selecting the Permanent Trustee.

Comprehensive Information Disclosure Policy

The Co-Chair presented a draft decision on the comprehensive information disclosure policy. The Board agreed to approve the webcast of formal Board meetings until the end of 2017. The decision also requests the Secretariat to conduct a qualitative and quantitative review of the webcast through the collection of data that will be considered no later than March 2018. The comprehensive Information Disclosure policy also set rules for the disclosure of different types of GCF documents, mainly through the website and based on the presumption that everything will be disclosed, except where confidentiality is required for certain reasons defined in the policy.

Accreditation Strategy

The purpose of the accreditation strategy is to help guide future Board decisions to ensure that the substance and process of GCF accreditation enable the Fund to achieve its objectives. It will spell out how principles such as country ownership, potential to contribute to the GCF's mandate of supporting a paradigm shift, balance and diversity, efficiency in terms of cost, time and resources, fairness,

effectiveness and transparency can be achieved. The Board considered the report of the Accreditation Committee (AC) on the progress made in developing a strategy on accreditation and decided to consider the strategy at its next meeting. The AC will continue to work on a draft strategy until then.

Project Preparation Facility

As reported in previous CFAS daily briefings, a project preparation facility (PPF) was established at the last Board meeting, but additional modalities need to be set regarding the operation of the facility. A small group of Board Members had met to develop a draft decision to further operationalize the PPF, which they presented to the Board. Board Members raised questions on the adequate financial envelope allocated to the PPF, as well as the eligibility of international entities to access funds from the PPF. A Board Member also stressed the need that eligibility criteria should be kept simple. Some Board Members felt that it was premature to take a decision, as further deliberations were needed. The Board therefore deferred the decision on guidelines to its next meeting and also decided that it will only approve further requests for PPF support once the guidelines are adopted.

Strategic Plan for the Green Climate Fund

The Co-Chairs continued to consult throughout the day on the proposed draft decision they had submitted to the Board the previous day. They then presented a new draft decision that was slightly amended to reflect inputs received. Some Board Members stressed the importance of addressing additional issues they had raised during the discussions when implementing the Strategic Plan. They also stressed that the plan should be considered a living document that could be updated or revised at any time. After some additional changes had been made reflecting these points, the decision was adopted. The decision endorses the Strategic Plan that had been suggested by the ad-hoc group and requests the Secretariat to implement it as well as adjust the Board's work plan for 2016 accordingly. It also includes a reference to the objectives and principles laid out in the Governing Instrument and to strategic priority matters expressed by Board Members in the discussions.

Initial Risk Appetite

The Chair of the Risk Management Committee (RMC) presented a revised draft decision to the Board, including an updated risk register and interim risk and investment guidelines, where the suggested caps on countries, sectors etc. had been removed. He also underlined that sufficient staff with risk management expertise is urgently needed in the Secretariat. In the following discussion, some Board Members expressed concerns on various items of the draft decision. A Member stressed the need to differentiate between mitigation and adaptation activities. Many concerns were raised regarding limitations to the financing available for public sector grants and regarding co-financing requirements for loans to the the public as well as private sectors. Ultimately, the Board decided to adopt the revised risk register, but deferred a decision on the proposed risk guidelines to the next Board meeting.

Status of Resources and Staffing of the Secretariat

The Budget Committee reported back from its deliberations and suggested a decision to increase the staffing of the Secretariat and increase the budget accordingly, which was adopted. The committee had considered issues such as the role of consultants, the role of the trustee and the ability to recruit and absorb new staff. It also noted that the Board will need to provide additional guidance to the Secretariat on some of its functions and opportunities to streamline them. The decision is to increase the staff to 100 positions at the end of 2016 and 140 positions at the end of 2017. The administrative budget will increase to USD 35.8 million, also reflecting the cost of holding a fourth Board Meeting this year.

Other Matters

The Board adopted administrative guidelines on procurement. The Board requested the Secretariat to present an assessment of options at its next meeting for an administrative tribunal, which the GCF could use rather than creating its own tribunal. The Board deferred consideration of the communications strategy to its next meeting. It created an Executive Director Selection Committee, appointed its members and defined a selection process. The Board also appointed experts to the Independent Technical Advisory Panel (ITAP) and the Private Sector Advisory Group (PSAG) and defined a process for selecting a replacement for the developed country civil society representative in the PSAG. The Board defined a process to implement the guidance from the Conference of the Parties (COP) of the United Nations Framework Convention on Climate Change, requesting the Secretariat to prepare various documents for consideration at the 13th, 14th and 15th meeting. The Board also decided to align the term of Board membership with the calendar year. The Board adopted a decision on the status or initial resources mobilization, which confirms agreements signed between the Fund and Canada, Spain and France respectively. In closed or executive sessions, the Board took decisions on the performance review of the Executive Director and on Accreditation Master Agreements and Readiness Grant Agreements.

Date and Venue of Next Meetings

Board Members agreed on the following dates and venues of the next GCF Board meetings: The 13th meeting will be held from 28 to 30 June in Songdo, Republic of Korea. The 14th meeting will be held from 18 to 20 October in Ecuador. The 15th meeting will be held from 13 to 15 December 2016 in Samoa. The dates and venues of the 14th and 15th meeting are indicative and will have to be confirmed at the preceding meeting.

Corrigendum

Yesterday's daily briefing contained two errors. Under "Consideration of Accreditation Proposal", 13 proposals were considered (not 14). The Ministry of Finance and Economic Cooperation of Ethiopia

had applied for accreditation for projects worth above USD 250 million (not up to USD 250 million). Please excuse these errors.

Contact: www.cfas.io and cfas@germanwatch.org



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