

# Climate Finance Advisory Service



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## Daily Briefing

### 13th Green Climate Fund Board Meeting

(27 June 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](mailto:cfas@germanwatch.org).

The CFAS Team

## Summary from 27 June 2016

The 13th Board Meeting of Green Climate Fund will take place in Songdo, Republic of Korea, from 28 to 30 June, 2016. Before the official meeting, the Board held a full-day informal meeting on Monday, 27 June. The objective of the informal meeting was to allow Board Members, Alternate Board Members and active observers to exchange views on some of the key issues for the Fund, including the development of the pipeline of funding proposal, a programmatic approach to funding, transition of the Executive Director, Accreditation Master Agreements, risk management and staffing of the Secretariat. No decisions were taken during the informal meeting and most of these issues will be taken up again during the coming days. In addition to these strategic and policy issues, the 13th Board Meeting will also consider nine funding proposals and five applications for accreditation as implementing entity or intermediary.

### **Overview of the proposal pipeline and ways forward**

Board Members discussed the current status of the pipeline of funding proposals and ways to improve it. Concerns were expressed that the Fund would not be able to reach its indicative target of approving proposals worth \$2.5 billion this year and that the projects in the pipeline did not yet reflect the aspiration of the Fund to support a paradigm shift towards low-carbon and climate-resilient development. Many Board Members also said that they were not satisfied with the lacking balance between adaptation and mitigation proposals and between direct access and international access

entities. Board Members requested the Secretariat to analyse the hurdles and challenges that direct access entities may experience, for instance, when attempting to translate concept notes into full proposals. It was stressed that the readiness and preparatory support programme and the project preparation facility needed to be made more effective. The proposed programmatic approach was identified as another option to improve the pipeline. Furthermore, it was noted that the signing of accreditation master agreements should be accelerated, so that approved proposals could actually be implemented.

### **Programmatic approach**

Board Members then discussed the proposal for the Fund to adopt a programmatic approach for funding proposals. Programmes would encompass several projects and could increase efficiency and effectiveness as well as the transformational impact of the Fund. Two accredited entities, the European Bank for Reconstruction and Development and the Environmental Investment Fund of Namibia, shared their expectations and experiences with programmatic approaches.

One issue that was raised by Board Members was that funding allocations for programmes could lock up resources without them being used if the programme's sub-projects are not ready. The proposal by the Secretariat is to address this with time-bound allocations that would expire after two to three years. Another issue was delegation of funding decisions to the accredited entities in charge of a programme, so that not every sub-project would have to be approved by the Board. Some Board Members were more open to this idea, while others were sceptical. It was suggested that decisions could maybe also be delegated to the Executive Director. Finally, country ownership was a major issue with several Board Members calling for a stronger role of National Designated Authorities in programmatic approaches. Some Board Members also criticized that the current proposal put too much emphasis on the bundling of projects from several countries by international financial institutions, rather than in-country programmatic approaches.

The following two agenda items - Transition of the Executive Director and Accreditation Master Agreement - were discussed by the Board in executive session.

### **Risk Management**

The Chair of the Risk Management Committee presented an update on the work of the committee. The committee is working on risk statements to be presented at the next Board meeting and a full risk dashboard by the 15th meeting. This will enable Board Members to define the risk appetite of the Fund and understand the current risk exposure. There was broad agreement that the GCF should take more risks than other funds, in order to have a larger, paradigm-shifting impact. It was also pointed out that the risk appetite of the Fund should depend on the kind of risk (financial risk, legal risk, reputational risk, etc.) - some kinds of risks should be accepted to increase the potential impact, while others should be minimized.

## Staffing of the Secretariat

An update on the staffing of the Secretariat was presented, following the Board's decision to increase the number of staff to 100 by the end of the year. Currently, the Secretariat has 45 staff, supported by additional consultants. 36 vacancies have been posted since the last Board meeting and 6 offers have been made. The Secretariat intends to grow to 80 staff by the end of September and 100 staff by the end of the year. Board Members asked about ways to improve the gender balance of professional staff and about staff retention. The proposal to increase salaries, following the recent increase at the Asian Development bank, was supported by several Board Members. It was also pointed out that the attractiveness of employment at the GCF did not depend on salary alone and that other factors should be considered, including employment opportunities for spouses, remote working arrangements and quality of life in Songdo. Some Board members suggested a satellite office in Seoul and/or regional offices in other parts of the world, while other Board Members did not see a need for additional offices.

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