

Climate Finance Advisory Service



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Daily Briefing

13th Green Climate Fund Board Meeting (28 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.

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

The CFAS Team

Summary from 28 June 2016

On Tuesday, 28 June 2016, the Board of the Green Climate Fund (GCF) convened for the first formal day of its 13th meeting in Songdo, Republic of Korea.

Opening of the meeting

The two Co-Chairs, Mr. Ewen McDonald and Mr. Zaheer Fakir (South Africa) (Australia) opened the meeting and welcomed Board Members, Alternates, advisers, observers and web viewers. This is the first time that the GCF Board meeting is being live webcast. The Co-Chairs proposed the agenda for the meeting, which was adopted without amendments. Altogether, there are 26 agenda items for consideration at this meeting, including consideration of funding proposals and accreditation of entities.

Report of the Co-Chairs, Secretariat, Committees, Panels and Groups

The Board approved the report of the 12th Board meeting and took note of the decisions taken between the 12th and 13th meeting (including Authorizing the acceptance of an award by the Executive Director; Clarification of decision B.11/11 with respect to deadlines for general conditions; Accreditation of observer organizations; Appointment of the Head of the Independent Redress Mechanism; Performance of the Executive Director Selection Committee; Terms of Reference for the

review of observer participation and Terms of Reference for the review of the Gender Policy and Action Plan.

The Board approved the document on matters related to the Work Plan of the Board 2016 as proposed by the Co-Chairs. It also took note of the report on the consultations conducted by the Co-Chairs. Similarly, the Secretariat presented a report on their activities, which the Board took note of. The Chairs of the Risk Management Committee, the Accreditation Committee and the Appointment Committee also presented their reports, which the Board took note of.

Policies on ethics and conflicts of interest for other Board appointed officials and active observers

The Chair of the Ethics and Audit Committee presented the proposed policy document for the Board's consideration. This document considers the measures to promote ethical conduct and maintain the integrity of the heads of accountability units appointed by the Board. The Board swiftly adopted the decision without further discussion.

Further development of some indicators in the performance measurement framework

The secretariat made a presentation on the revision of some indicators for the mitigation and adaptation performance measurement frameworks as requested by the Board in Decision B.08/07. They also proposed an initial evaluation policy. It was noted that less than 50% of the proposed performance management indicators have been approved yet. Some Board Members raised concerns about the proposed revised adaptation indicators, regarding their consistency, transparency and the potential to operationalize them. To resolve outstanding issues and ensure consistency among the indicators in the PMF and related frameworks such as the investment framework, the Board decided to defer the decision to next Board meeting.

Status of the Initial Resource Mobilization Process

The Secretariat and the World Bank as the interim trustee of the GCF made a presentation on the status of the initial resource mobilization process. The trustee reported that around \$ 2.5 billion are available in the trust in cash or promissory notes to support the Board's funding decisions. Since the last meeting, the Walloon region of Belgium, Lithuania, Romania, Malta and Australia signed contribution agreements with the Fund. Australia clarified that they had contributed an additional \$100 million to the Fund along with US\$ 100,000 for a regional meeting in Fiji. Some Board Members raised the issue of exchange rate loss and currency hedging. The Secretariat suggested that the Fund could provide finance to entities in several currencies to lower the possibility of exchange rate loss.

Fifth report to the Conference of the Parties

The Board discussed the 5th report of the Green Climate Fund to be submitted to the Conference of the Parties (COP) of the United Nations Framework Convention on Climate Change. It was decided that the current draft report would be amended to include the decisions of 13th Board Meeting. Board Members asked for an opportunity to review the final report before it will be submitted to the UNFCCC and approved the proposed draft 5th report of the Fund to the COP.

Update on the Status of the Fund's Pipeline

Following the discussions at Monday's informal meeting, the Board continued to consider the status of the funding proposal pipeline based on the presentation made by the Secretariat. Generally, the Board welcomed the fact that more detailed information regarding the pipeline was made available and suggested further improvements. Many Board members expressed their concern about being able to reach the aspirational goal of approving proposals worth US\$ 2.5 billion this year. It was noted that only two Accreditation Master Agreement (AMA) had been signed with accredited entities of the eight proposals agreed in November 2015. There were also concerns related to balance between mitigation and adaptation as well as national versus international entities as well as public and private funding in the future pipeline. Thus, some Board Members saw a need to steer the type of proposals received by issuing requests for proposals (RfPs). Regarding the current concept notes in the pipeline, some Board Members were worried that several of these did not have no-objection letters from the national designated authority (NDA). Hence, there was suggestion for increased cooperation between the project developers and NDAs.

Matters related to the Interim Redress Procedures

The Board discussed proposals for an interim redress mechanism. The Board has recently selected a head for the Independent Redress Mechanism. Once the head has assumed his functions, he will develop the detailed redress procedures. In the meantime, the Fund needs an interim mechanism.. In the draft decision, it was proposed to focus on this first function of the redress mechanism - reconsideration of funding decisions - in the interim and to deal with the second function - addressing grievances and complaints by communities who have been adversely affected by GCF-funded projects - in the detailed procedures only. Board Members exchanged views over the proposed interim mechanism and expressed some concerns. Most importantly, the question was raised of who would have to bear the costs of a redress procedure, with several Board Members suggesting that this would be the Board's responsibility. The Secretariat was tasked with elaborating on this matter and other open questions and presenting a revised proposal to the Board for adoption the following day.

Status of Staffing of the Secretariat

The Secretariat presented an update on staffing (see informal discussions covered in Monday's daily briefing). The Secretariat reported on the measures taken to address challenges such as difficulty in integration of staff and families in Korea, cultural issues and language barriers. The Board considered the proposed increase in salary, in line with recent increases at the Asian Development bank and World Bank offices in Korea. In addition, a revision to the salary structure was considered to allow for promotions and performance-based pay. The budget committee will be tasked with exploring additional options to attract more staff and reduce the workload, which will be presented at the next meeting. Options mentioned in the discussion included secondments, outsourcing, regional and satellite offices. The Co-Chairs will further consult with Board Members and present a revised draft decision the following day.

Selection Process for the Executive Director and Requests for Proposals

During the afternoon, several agenda items, including the process for the selection of the Executive Director and the request for proposals for supporting micro, small and medium enterprises were discussed in closed or executive session.

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