

# Climate Finance Advisory Service

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Daily Briefing

6<sup>th</sup> 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 18 February 2014

The sixth meeting of the Board of the Green Climate Fund (GCF) began with an informal session on the afternoon of Tuesday, February 18<sup>th</sup> in Bali, Indonesia. Board Members are faced with a full agenda. A particular focus is being put on creating the conditions that will allow the fund to receive funds and begin operations in 2014 as well as on the issues of readiness support, country ownership and enhanced direct access. The meeting is the first meeting for the new co-chairs, Manfred Konukiewitz of Germany and Jose Maria Clemente Sarte “Joey” Salceda of the Philippines. It is also the first meeting prepared by the Fund’s new permanent secretariat in Songdo, Korea, led by Executive Director Hela Cheikhrouhou.

## Issues on the Agenda at the 6<sup>th</sup> Board Meeting

At the fifth Board Meeting in October 2013 in Paris, eight essential requirements for the initial resource mobilization had been defined. It was agreed that the Board would make decisions on all of these issue at its meetings in February and May of 2014, so that funding commitments for the fund could be made in the second half of the year. On three of these requirements, draft decisions will be presented to the Board in Bali for adoption, namely 1) Initial Modalities for the Operation of the Fund’s Mitigation and Adaptation Windows and the Private Sector Facility, 2) Terms of Reference of the Independent Evaluation Unit, the Independent Integrity Unit, and the Independent Redress Mechanism and 3) Policies and Procedures for the Initial Allocation of Fund Resources. On the other five issues, the Board will be considering Progress Reports and be asked to provide further guidance. Other important issues on the agenda for the Bali meeting include provisions to ensure country ownership, including through a non-objection procedure, modalities that enhance direct access, a programme of work for readiness support and the fund-wide gender-sensitive approach.

## Informal open meeting on progress reports regarding the essential requirements for the initial resource mobilization

On Tuesday afternoon, the Board met to informally discuss four essential requirements on which a decision is expected at the meeting in May. The Co-Chairs explained that all progress reports discussed today would also be on the agenda of the official meeting, but that this informal discussion should allow for a first exchange of views. The discussions took place in a constructive atmosphere. Board members generally welcomed the papers, but pointed out where more work was needed. As a

recurrent theme, a clearer articulation of the linkages and more coherence between different papers was suggested.

First, the Board considered the progress report on the **Initial proposal approval process, including the criteria for programme and project funding** (document GCF/B.06/08). Board Members suggested that more emphasis be put on country ownership and that the respective roles of the Board and the Secretariat be carefully considered and clearly defined. Several Board Members also suggested thinking more about the criteria to be used should decisions need to be made between competing proposals.

Second, the progress report on the **Guiding framework and procedures for accrediting national, regional and international implementing entities and intermediaries, including the Fund's fiduciary principles and standards and environmental and social safeguards** (GCF/B.06/09) was presented by the Secretariat, followed by an update from the Board's team on accreditation. The progress report included an overview of the fiduciary standards and social and environmental safeguards of several other institutions; much of the discussion focused on which of those constitute best practice and would be most appropriate for the GCF. Some Board Members pointed to the importance of beginning accreditation soon, to allow for timely disbursements after the initial resource mobilization. It was also suggested that an exclusion list might be developed identifying certain project types that are considered too risky for the GCF to fund them.

Third, the progress reports on the **Fund's financial risk management and investment frameworks** were discussed. A central question was how high the risk appetite of the fund should be. Since the progress report focused on financial risks that would typically be related to providing loans, Board members pointed out that the risks the fund will need to manage depend on the importance the Fund is going to accord to loans or grants as well as to support for the private or the public sector.

Fourth, the Secretariat presented the progress report on the **Structure of the Fund, including the structure of the Private Sector Facility**. On this report, some Board members reserved their right to make comments in the formal meeting. Others mainly pointed out that the modalities of the Private Sector Facility were still to be defined.

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