

Climate Finance Advisory Service

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Daily Briefing

8th GCF Board Meeting

14 October 2014

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 14 October 2014

On Tuesday, 14 October 2014, the Board of the Green Climate Fund (GCF) convened for its eighth meeting in Bridgetown, Barbados. After a successful meeting in Songdo, South Korea, in May, Board members are faced with a full agenda in order to conclude the operationalization of the fund, which is intended to start actual programming and disbursement of resources in 2015. A very full agenda with 36 items awaits Board Members in Barbados. Building on the progress made in Songdo, further details on some of the decisions taken need to be settled, while outstanding issues that were postponed at previous meetings also need to be addressed. Important issues on the agenda include the accreditation of implementing entities and intermediaries, further refinements of the initial results management framework and investment framework, the process approval process, the work programme on readiness and preparatory support and issues related to the initial resource mobilization.

Adoption of the Agenda and Organization of Work

After opening the meeting, Board members were informed that one of the co-chairs, Mr. Jose Clemente Sarte Salceda (Philippines), would not be able to join the meeting. Instead, the developing country constituency appointed Mr. Ayman Shasly (Saudi Arabia).

In their opening remarks, the co-chairs highlighted the important work ahead and called on Board members to adopt a good spirit for the upcoming four days, in order to achieve the results needed.

Following some discussions, the Board adopted the extensive agenda for the meeting and the ensuing organization of work. Many Board members raised their concerns over the long agenda, and called for a more streamlined process in the future. Despite the various agenda items to be covered, the Board decided to address them all in plenary, with the option of taking a more focussed approach in the form of working groups if needed.

Reports on the activities of the co-chairs and the secretariat

In the afternoon, the meeting resumed with the adoption of the report from the seventh meeting, as well as the reports on the activities of the co-chairs and the secretariat. The co-chairs participated in the meetings of the Initial Resource Mobilization process that took place in Oslo in July and Bonn in September. In addition, they were also involved in the preparation of this Board meeting, including intensive consultations with their respective constituencies.

The Executive Director delivered the report of the secretariat, beginning with the introduction of the new directors that were recently hired. The secretariat is increasing its permanent professional staff, with 19 of 48 positions now filled and others in the process of recruitment. Furthermore, it was reported that the secretariat provided support to Panels, Committees and Groups, which met between the seventh and eighth Board Meeting, while also undertaking administrative and organizational preparations for the current Board meeting and the meetings of the Initial Resource Mobilization process. The Board took note of the report and provided the secretariat with feedback on how the work of the secretariat could be further improved, and in particular how the collaboration between secretariat and the Board could be enhanced.

Report from Committees, Panels and Groups

The chairs of committees, panels and groups briefly updated all Board members on the work undertaken since the last Board meeting. These included the Investment Committee, the Risk Management Committee, the Ethics and Audit Committee, the Accreditation Committee and the Private Sector Advisory Group. More details on the respective work will be provided when the individual agenda items will be considered during the course of the meeting.

Guiding framework for accreditation: Fit-for-purpose approach

In the second half of the afternoon, the Board engaged in substantive discussions on the guiding framework for accreditation of implementing entities and intermediaries, in particular on the fit-for-purpose approach. This approach was agreed in Songdo, recognizing the role of a wide range of entities, which differ in the scope and nature of their activities and capacities. It intends to accommodate this diversity by matching the nature, scale and risk of intended activities to the application of fiduciary standards and environmental and social safeguards. In particular, such an approach is intended to make it easier for smaller institutions from developing countries to gain accreditation, while maintaining the integrity of the Fund's standards and safeguards. Board members from developing countries thus stressed that the accreditation process should not be made too complicated.

Board members shared their views on the document before them, generally welcoming the work undertaken by the secretariat in collaboration with the Accreditation Committee. Some areas of concern included the thresholds outlined in the document for determining different categories of scale of intended activities an entity seeking accreditation has the capacity to handle, namely Micro (up to 1 million USD), Small (between 1 and 10 million USD), Medium (between 10 and 50 million USD) and Large (over 50 million USD). Board Members asked for the rationale behind defining these exact

thresholds and emphasized that a classification into these four categories should not only consider the GCF-participation in the projects, but rather the overall project volume, as that determines the risk of a particular project. Some Board members also noted that the document was missing a provision for the regular monitoring or auditing of implementation by accredited entities, or the performance of their supported activities. Further clarity was also requested on the review process of accreditations, for instance, how an accreditation could be up- or downgraded in light of changing circumstances. Finally, the Board had some questions regarding the categorization of environmental and social risk, as the process of assessing the track record of accredited institutions was not sufficiently clear in the document.

The secretariat will incorporate the views and observations by the Board into a revised document, which will be presented to the Accreditation Committee for review, before being brought back to the Board for a final consideration.

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