

Climate Finance Advisory Service

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Daily Briefing

6th 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 21 February 2014

The sixth meeting of the Board of the Green Climate Fund (GCF) in Bali, Indonesia concluded on Friday, February 21st with important decisions on a gender-sensitive approach, readiness and policies for the initial allocation of Fund resources.

Options for a fund-wide gender-sensitive approach

The co-chairs proposed a decision in order to implement the options laid out in document GCF/B.06/13. It requests the secretariat to integrate gender considerations in preparing draft decisions on operational modalities, including those for the next meeting in May and to prepare a draft gender policy and action plan consistent with a country-driven approach for the Board Meeting in October.

Detailed programme of work on readiness and preparatory support

Board members discussed the proposed readiness work programme (GCF/B.06/14) that contained a proposal of how approximately 30 million USD funding for readiness provided by Germany and Korea could be used. Several Board Members questioned whether the secretariat had the capacity to implement this programme alone and suggested close cooperation with other multilateral and bilateral initiatives providing such support. It was suggested that the secretariat should play a coordinating role. The co-chairs asked a group of Board Members to develop a revised text, which was eventually approved. The decision identifies four priority activities: establishment of national designated authorities and focal points, strategic frameworks, selection of intermediaries and implementing entities and initial pipelines of programmes and project proposals. It requests the secretariat to develop a revised detailed work programme, developed in consultation with countries, stakeholders and existing initiatives and authorizes a budget of USD 1 million for that. It also requests a report twice a year on readiness support provided.

Policies and procedures for the initial allocation of fund resources

Board Members continued their discussion on the allocation of resources, particularly regarding targets for adaptation, mitigation and the private sector, a minimum allocation (floor) for the most vulnerable countries and a cap on the resources going to any one country. A group of Board Members had been working on a proposed decision. While their first proposal was rejected by a number of Board Members, their second proposal late in the day was eventually adopted. It commits the fund to

aim for a 50:50 balance between mitigation and adaptation over time, to aim for a floor of 50 percent of the adaptation allocation for particularly vulnerable countries, including LDCs, SIDS and African states, to maximize engagement with the private sector, including through a significant allocation to the Private Sector Facility (not quantified) and to provide sufficient resources for readiness activities. It further includes a review of allocation, not later than two years from the start of resource allocation.

One Board Member made a suggestion to revise the language on the private sector, eliminating the term “maximize”. Others suggested that the floor allocation for the most vulnerable should apply to mitigation activities as well. Most of the discussion focused on whether there should be a country cap, as the proposed decision only contained general language that the Fund would manage access to resources with a view to seeking geographical balance while maximizing its scale and transformational impact. Board Members expressed strong preference for and against a country cap, with several making suggestions for a flexible cap that would allow exceptions for transformational programmes. At the end, the proposed text without country caps was approved, with an addition specifying that the review after two years should look at the issue of concentration risk in particular.

Additional modalities that further enhance direct access and accreditation

The Board’s Accreditation Team reported that it had begun to consider the document GCF/B.06/15 on additional modalities that further enhance direct access, including through funding entities and the Progress Report GCF/B.06/09 on the guiding framework and procedures for accrediting national, regional and international implementing entities and intermediaries. They suggested that the documents should be looked at together in order to ensure coherence and that they would like to present improved documents for decision at the May meeting. Some Board Members stressed the importance of direct access, others pointed out that information on what is required to be accredited needs to be available soon, so implementing entities can prepare themselves. Other Board Members also called for simpler definitions and suggested that perhaps “standard” direct access could be a starting point and enhanced direct access could be developed later.

Country ownership

The group of Board Members that were asked to identify convergences, divergences and potential solutions met for constructive discussions, but said they would need more time. The group will continue its work until the next meeting, where the issue will be reconsidered.

Financial terms and conditions of grants and concessional loans

The Board considered document GCF/B.06/16 and asked the Secretariat to present a revised version at the next meeting. In particular, some Board Members did not see a need for moderately concessional loans, close to market terms. One Board Member also suggested that blending and other instruments in addition to grants and loans should be considered soon.

Terms of reference of the Independent Evaluation Unit, the Independent Integrity Unit, and the Independent Redress Mechanism

The Board considered the terms proposed in document GCF/B.06/06, with several changes proposed by the Ethics and Audit Committee. The most significant change was that the redress mechanism would both provide a venue for communities negatively impacted by Fund activities and for countries

to ask for a reconsideration of funding decisions. The revised terms of reference were introduced by the Committee and adopted by the Board without a long discussion. The Board also created an Appointment Committee to select the heads of these new units and the Executive Director in the future.

Additional issues

The co-chairs presented their summary of the discussions on the progress reports regarding the essential elements for resource mobilization that had taken place in the informal session on Tuesday.

As Board Members had requested additional clarity of how the process for selecting the members of the Private Sector Advisory Group had been conducted, a report on this question was presented. Another group of Board Members had been discussing the administrative policies, particularly regarding human resources and salaries. They reported back on the compromise reached. A proposed compromise on the travel policy was presented, but not adopted.

Italy announced a pledge of EUR 500,000 to the GCF. Indonesia pledged USD 250,000.

The next Board Meeting will be extended by one day to accommodate the large number of items the Board will need to consider. It will be held on May 18-21 in Songdo, South Korea.

As the last item on the agenda, Board Members considered a proposal for the logo of the Fund in executive (i.e. closed) session, but did not approve it.

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Contact: www.c-fas.net and queries@c-fas.net