



Daily Briefing
19th Green Climate Fund Board Meeting
26 February 2018

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 its 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 CFAS website www.cfas.info.

The CFAS Team

Summary from 26 February 2018

On Monday, 26 February 2018, the Board of the Green Climate Fund (GCF) convened for its 19th meeting in Songdo, Republic of Korea. The formal meeting had originally been scheduled to begin on 27 February, with 26 February reserved for informal discussion. Given the very full agenda, the Co-Chairs had however suggested to begin formal deliberations already on the Monday, 26 February. During this meeting, the Board will consider a record number of 23 funding proposals requesting USD 1,093.5 million in GCF funding. Several important policy matters including Risk Management Framework, Policies related to the approval of funding proposals, Gender and Social Inclusion policy, Indigenous Peoples Policy, Environmental and Social Policy will also be considered at this meeting.

Opening of the meeting, election of co-chairs and organization of work

The Board elected as new Co-Chairs Paul Oquist (Nicaragua) and Lennart Bage (Sweden) for the year 2018. After a brief discussion, the Board adopted the agenda; however, several Board members had reservation over the organisation of the work. The Board also adopted the report of its eighteenth meeting, and took note of the decisions proposed and approved between the eighteenth and nineteenth meeting of the Board.

Report on the activities of the GCF Secretariat

The Secretariat reported on activities undertaken to achieve the overarching goals and priorities identified in its 2017 work programme. One focus area had been accelerating implementation of projects, which led to the disbursements of funds to 18 of the 53 approved GCF projects. Accelerating implementation will remain a priority in 2018. The Secretariat announced plans for organizing Regional Structured Dialogues early this year in the Pacific, Latin America and Africa. Board members raised concerns about including reports from the Interim Trustee (which is not part of the Secretariat) as annexes to the Secretariat annual report, and suggested conducting Structured Dialogues in uncovered

regions, such as Eastern Europe. A civil society observer called upon the Secretariat to improve transparency by including short lists of funding proposals in the pipeline on its website, and to make structured dialogues more inclusive of regional non-governmental stakeholders. The Board took note of the report.

Reports from Committees, Panels and Groups

Board members representing committees and groups reported on their activities. The *Private Sector Advisory Group (PSAG)* prepared two items that will be discussed at this Board meeting (outreach plan, private sector involvement in least-developed countries and small island developing states) and discussed the role of the private sector in adaptation. The *Investment Committee* has focused on preparing the performance review of the members of the independent Technical Advisory Panel (iTAP), and reviewing the structure and effectiveness of the Panel. The *Risk Management Committee* focused on improving components of the GCF risk management framework and will present results to the Board for its consideration. The *Budget Committee* reviewed and discussed the report on the execution of the 2017 administrative budget and the 2017 unaudited financial statements. The *Ethics and Audit Committee* provided guidance on conflicts of interest, confidentiality and ethics and held several meetings to discuss related issues. The *Accreditation Committee* reviewed the draft revised fee policy for accredited entities (AEs) and readiness delivery partners and discussed the status of work by the Accreditation Panel relating to the establishment of a baseline of greenhouse gas emissions and climate resilience of AE portfolios of activities to allow an assessment of the extent to which their overall portfolios have evolved during the accreditation period. The report on the *Accreditation Panel (AP)* highlighted that four of six members of the AP concluded their term. New members were recommended by the Accreditation Committee to the Board including three for reappointment for a second term, but the Board did not yet take a decision. During the reporting period, the two remaining AP members continued the review of applications for accreditation. The Board took note of the reports.

Implementation of the 2017 Strategic Plan

The Secretariat reported on the implementation of the 2017 Strategic Plan. Progress has been made to expand the GCF portfolio (53 funding proposals are approved, 59 entities are accredited, which include 32 direct access entities). It was also highlighted that a Simplified Approval Process and a framework on complementarity and coherence have been introduced. One Board member requested that more attention be paid to developing countries in Eastern Europe. Another member suggested more robust country programming to enable meaningful in-country activities. It was also suggested to increase engagement of the private sector, ensure transformative impacts of Secretariat activities, strengthen complementarity and coherence with other funds, and make access to information easier for stakeholders in order to achieve transparency. The Board took note of the report.

Guidance from the Conference of the Parties to the UNFCCC

The Co-Chairs presented a proposal to the Board on how to address the guidance received from the 23rd Conference of the Parties (COP23) to the United Nations Framework Convention on Climate Change (UNFCCC). It was suggested to request the Secretariat to continue efforts to enhance support for national adaptation planning; request the Secretariat to include in its annual report to the COP information on projects approved by the Board that support innovation and/or scaling up of climate technologies; and to address the issue of Privileges and Immunities. Board members reiterated the importance of tackling the issue of privileges and immunities in order for the GCF and its staff to be able to work abroad. It was suggested to establish a permanent link with the United Nations (UN) in order to benefit from UN privileges and immunities, rather than having to enter into bilateral agreements with individual countries. Furthermore, Board members called for urgent revisions of the accreditation framework in order to facilitate access in particular for direct access entities. In this context, Board members also expressed their disappointment that no applications for accreditation will be considered at this meeting. The Board then adopted the Co-Chairs' proposal.

Matters related to the Trustee

The Board deliberated on the matters related to the Trustee, without a specific

document in front of it. The Secretariat explained that the contract with the current interim trustee would expire on 30 April 2018. If a new solution was not found before 1 May 2018, there would be serious implications for the GCF, which would neither be able to receive additional contributions nor make new disbursements. A Board member explained that the ad-hoc committee on the selection of the permanent trustee formed last year had found agreement on the terms of reference, but not on the organization of the process. Many Board members intervened on this issue, stressing the fact that a solution needs to be found to avoid serious consequences and reputational risk. Some Board members suggested an extension of the arrangements with the current interim trustee, while taking more time to resolve the issues around the selection of the permanent trustee. Other Board members said they could not agree to an extension as long as the process for the selection of the permanent trustee was not clarified. They stressed that the selection process should be transparent and competitive, as requested by the Governing Instrument and the COP. The Co-Chairs announced that they would consult with members and come back with a proposal for a way forward in the coming days.

Interim policy for restructuring and cancellation

The Secretariat presented a suggested interim restructuring and cancellation policy. Several Board members shared their views on this matter; many agreed with the proposed document. A Board member stressed that conditions imposed by the Board should not be waived by anyone but the Board. It was also suggested that the national designated authority (NDA) should be involved in decisions involving changes to approved projects and programmes to ensure country ownership. The Co-Chairs announced that they would incorporate proposed changes in the document and present a revised version for adoption to the Board.

Policies and procedures for the first formal replenishment

The Co-Chair stressed the fundamental importance of a successful first replenishment, following the initial resource mobilization period. The secretariat reported that it had begun to prepare several activities that are often required as part of replenishment processes, including drafting terms of reference for performance reviews, improving the access to information on the Fund's pipeline and launching a review of the 2017 portfolio.

The replenishment will be triggered once 60% of the Fund's resources have been committed. However, several Board members stressed the importance of beginning deliberations on how to organize the process now, before the "trigger" is reached. Several Board members stressed that the replenishment should be informed by information on the needs of developing countries and the potential of the fund to address those needs; a Board member suggested commissioning an external study on this question. The importance of the replenishment for enabling the implementation of climate commitments by developing countries and successful outcomes of the international climate negotiations was highlighted. When asked how long the process would take, the Secretariat provided an estimate of 18 months, including a preparatory phase of 6 months and the actual replenishment phase of 12 months. Board members therefore stressed the urgency of beginning this process soon. Discussions revolved around the respective roles of the Board, the Secretariat and separate meetings. It was highlighted by several Board members that recipient countries should also have a say in the process.

Some Board members suggested a committee to work on this; others preferred the Secretariat to prepare suggestions and the Board as a whole to deliberate on them. The Co-Chairs said that they would prepare a decision on the way forward and would welcome submissions from Board members on the issue.

Terms of reference for the independent evaluation of the Readiness Programme

The head of the Independent Evaluation Unit presented the proposed terms of reference. Several Board members argued for swift approval of the document. Some also pointed out that securing additional funds for the readiness and preparatory support programme would be difficult. Other Board members were concerned that the evaluation would be taking about 8 months and given that the Fund was still in early stages, might not yield many relevant findings. One Board member asked to see a written revised version before being able to take

a decision. The decision was deferred.

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