

Climate Finance Advisory Service

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Daily Briefing

8th GCF Board Meeting

15 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 15 October 2014

On Wednesday, 15 October 2014, the Board of the Green Climate Fund (GCF) resumed its meeting. On this second day, four agenda items and seven documents were discussed. No decisions were taken; all of the documents will be revised and taken up again by the Board before the end of the meeting. In addition to the outstanding 25 agenda items, this will mean a lot of work for Board Members in the next two days.

Assessment of institutions accredited by other relevant funds and their potential for fast-track accreditation

The Secretariat introduced the background document, which contains a gap analysis between the fiduciary standards and environmental and social safeguards of the GCF and those applied in the accreditation processes of other institutions, namely the Global Environment Facility (GEF), the Adaptation Fund (AF), and the Directorate-General Development and Cooperation– Europe Aid of the European Commission (EU DEVCO). The draft decision would allow fast-track accreditation for those entities accredited by one of these three institutions. While for GEF entities, an individual risk category would be determined, Adaptation Fund and EU DEVCO entities would be restricted to the lowest category of risk (category C). Fast-track accreditation would be a faster process, where certain requirements would not be individually verified, but it would not mean automatic accreditation, since the Board would retain the final decision.

In the discussion, some members pointed out the need to have national level entities accredited, in the spirit of country ownership, and that efforts should be made to support particularly those few institutions coming from LDCs, SIDs and African states. Some members questioned the role of bilateral entities from developed countries, such as those accredited by EU DEVCO. Members also called for a better assignment of risk category to entities. Last but not least, board members pointed out the need of having a clear timeline for the fast-tracking process. The Co-Chair requested the Accreditation

Committee and the Secretariat to revise the draft decision, taking into account comments from Board Members.

Policy on Fees for Accreditation

Next, the Board considered the fees to be charged to entities seeking accreditation by the GCF. The policy on fees as outlined in the table in the background document takes into account the financial capacities of different institutions and aims at contributing to covering part of the costs from the accreditation process. In the discussion, some board members raised questions as to the amount to be charged and the timing of the payment. One member mentioned that although he is appreciative of special treatment of certain country groups, he is in favor of charging at least a symbolic fee to all entities, to ensure higher quality applications. On the other hand, some members expressed concerns about charging any fees for National Implementing Entities. The co-chair requested the Accreditation Committee, with support from the Secretariat, to revise the document, by incorporating comments made by the Board.

Relevant International Private Sector Best-Practice Fiduciary Principles and Standards and Environmental and Social Safeguards

The next item considered relevant international best-practice fiduciary principles and standards and ESS for the private sector. The background document concluded that there were two main such standards, the IFC Performance Standards on Environmental and Social Sustainability and the Equator Principles (EPs). It suggested that the Board should consider potential accreditation and fast-tracking of such private sector entities that meet standards that are comparable to those of the GCF. In the discussion, several Board Members from developed and developing countries underscored that the criteria and process for accreditation of private and public sector entities should be the same. With regard to the Equator Principles, a board member pointed out that there are no gaps between them and the standards and safeguards of the GCF, so that private sector entities applying the Equator Principles should be invited to apply for accreditation. Other board members cautioned that the Equator Principles are only voluntary. The Accreditation Committee, with the support of the Secretariat, will revise the draft decision, taking into account comments made during the debate.

Application Documents for Submissions of Applications for Accreditation

As the last item of the 'accreditation package', the Board considered the content of the application for accreditation to be submitted by interested entities. Board Members requested more clarity on how the accreditation process would work in practice and the associated timelines. Suggestions were made for additional issues to be considered in the applications, including gender and the added value an entity would make to the Fund. There was a call to finalize the application documents well before the next Board meeting, so that the accreditation process could begin. The Accreditation Committee and Secretariat were tasked with preparing a revised decision.

Further Development of the Initial Results Management Framework (IRMF)

The results management framework is meant to allow tracking the impacts achieved by the Fund in its mitigation and adaptation portfolios. It should be in sync with the investment framework, whose criteria determine how the Fund prioritizes investment. The proposed decision addresses four issues: mitigation and adaptation performance measurement frameworks (PMFs), including indicators for country-driven policies and the Fund's monitoring and evaluation policy; flagship projects for adaptation; additional result areas and indicators for adaptation; and the role and expected results of the GCF in its initial result areas.

Much of the discussion focused on the proposed PMFs that outline results and indicators at the objective, impact and outcome levels. There was an agreement among board members that although the current version represented an improvement compared to the versions discussed at previous board meetings, further improvements were needed. For example, Members called for more qualitative measures, for an assessment of the multiple sustainable development benefits at the Fund level and for gender disaggregation. Several Members also called for the framework to stay simple and manageable. It was suggested that it would be important to agree on an initial framework soon, with the understanding that it would be reviewed frequently by the Board, as the Fund evolves.

Regarding the other three issues under consideration under this agenda item, some Members stated that they could accept the proposed decisions, while others considered that they did not meet the mandated given by the Board, particularly on the elaboration of the Fund's approach to adaptation. The Co-Chair requested the Secretariat to collect views from Board Members and prepare a revised decision with a focus on those consensus areas where a decision was possible at this meeting. For the other areas, the document would be developed further for the next board meeting.

Initial Logic Model and Performance Measurement Framework for ex-post REDD+ Results-based Payments

The proposed decision contained a logic model to assess the results of ex-post REDD+ results-based payments. In the discussion, several Members called for close alignment with the work on REDD+ under the UNFCCC. It was suggested that safeguards and non-carbon benefits be strengthened in the decision. The Secretariat was requested to revise the document with input from Board Members.

Additional Modalities That Further Enhance Direct Access, Including Through Funding Entities

Enhancing direct access is understood to mean the devolution of authority for approving individual activity proposals to the national level by accredited sub-national, national or regional entities. The proposed decision suggested the launch of a pilot phase to test such modalities, based on terms of reference to be developed by the Secretariat for the next Board meeting. There was agreement among Board Members that the Board has a mandate from the Governing Instrument to consider further

modalities for enhancing direct access. While some Members, particularly from developed countries, called for more clarity on the concept, others, particularly from developing countries, underscored that this approach was critically important to ensure country-ownership and there were experiences from other funds that the GCF could build on. The Co-Chair asked the Secretariat to revise the draft decision for this Board meeting, providing more guidance for the terms of reference, so that the pilot phase could then be launched at the next meeting.

Country Ownership

The discussion on country ownership was not based on a background document or draft decision, because the small group of Board Members tasked with the preparation had not been able to reach consensus. Most of the discussion focused on the no-objection procedure, by which National Designated Authorities (NDAs) could object to or approve projects and programmes to be implemented in their country. The developing country Board members that took the floor called for an explicit no-objection procedure, by which the NDA would have to state that it did not object. Most developed country Board Members cautioned that this could be overly complicated and that an implicit non-objection procedure might be more appropriate, where non-objection is assumed after a certain time has elapsed. They suggested that each country should be able to choose whether it would like to use an explicit or implicit procedure. A developing country Board Member requested to distribute an alternative proposed decision. Some Board Members and observers also pointed out that two other issues contained under this agenda item needed to be given more attention, namely best-practices for the selection and composition of NDAs and for multi-stakeholder engagement. An agreement could not be reached and the issue will be taken up again the next day.

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