



**GREEN
CLIMATE
FUND**

Meeting of the Board
5 – 6 July 2017
Songdo, Incheon, Republic of Korea
Provisional agenda item 6

GCF/B.17/Inf.01

21 June 2017

Report on the activities of the Secretariat

Summary

This report provides an update on the progress made with regards to the activities of the Secretariat. The reporting period is from 1 April to 10 June 2017. The document summarizes the reporting activities of the Secretariat based on the information provided in the work programme of the Secretariat adopted by the Board at its sixteenth meeting.

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I. Introduction

1. The report on the activities of the Secretariat provides an update on the progress made by the Secretariat across different divisions. The report covers key priority initiatives identified in the Work Programme of the Secretariat, approved by the Board at B.16.¹ The reporting period is from 1 April to 10 June 2017.
2. The work programme of the Secretariat identifies five overarching goals to help to guide the work of the Secretariat for 2017:
 - (a) To finalize as many accreditation master agreements (AMAs) and funded activity agreements (FAAs) as possible;
 - (b) To work to operationalize the procedures to initiate a proactive and strategic approach to country programming that would result in an increased pipeline of quality proposals;
 - (c) To further strengthen the accredited entity (AE) work programme process;
 - (d) To build and deploy a Secretariat staff of sufficient size, talent and global reach; and
 - (e) To support the Board in implementing any decisions related to arrangements for the initiation of the replenishment process and the selection of a Permanent Trustee.
3. Details of each of the five focus areas are provided in the relevant sections below.

II. Activities of the Secretariat during the reporting period

2.1 Progress on matters related to the Office of the Executive Director

4. Priority initiatives for the Office of the Executive Director include the following:
 - (a) To obtain the Board's approval for a staffing level and structure;
 - (b) To oversee the recruitment and maintenance of the workforce required;
 - (c) To effectively integrate newly hired management and staff into a cohesive GCF team by advancing a culture of productivity, empowerment and entrepreneurship;
 - (d) To establish new Secretariat teams to facilitate the timely resolution of policy issues;
 - (e) To reach an agreement with the Board on dynamic processes for establishing priorities and enhancing the quality and timeliness of Secretariat documentation; and
 - (f) To represent the Secretariat in relevant international outreach activities;
5. The Board has adopted the work plan of the Board² and the work programme of the Secretariat, which set the key priorities for the work ahead in 2017.
6. The Secretariat has contracted a consulting company, Dalberg, to undergo an assignment on "Accelerating the capacity of the Secretariat" and propose capacity and structural changes based on their independent evaluation. The more information on this assignment and the progress is presented in the document "Issues related to the staffing of the Secretariat" (GCF/B.17/Inf.03).
7. With the successful hire of key leadership positions in the operational divisions, the number of staff of the Secretariat is now coming closer to adequate. Each division is organizing its strategic planning retreats and a knowledge management training open to all staff will be organized at the end of June.

¹ Decision B.16/01.

² Decision B.BM-2017/02.

8. The Executive Director has participated in a number of events, representing the Secretariat. He attended the World Bank Spring Meetings in Washington, D.C., the High-level Event on Climate Change and the Sustainable Development Agenda in New York, United States of America, the sessions of the subsidiary bodies of the United Nations Framework Convention on Climate Change (UNFCCC) in Bonn, Germany, and the GCF Structured Dialogue with Asia in Bali, Indonesia.

2.2 Progress on matters related to the Country Programming Division

9. The Country Programming Division (CPD) has identified the following priority initiatives for 2017:

- (a) Enabling the initiation of country programme development in countries where work has not yet started, and assisting an additional 20 countries in reaching their programme completion;
- (b) Supporting AEs in the development of their entity work programmes;
- (c) Expediting the implementation of readiness support for direct access entities through assistance and peer to peer collaboration;
- (d) Effectively implementing a schedule of intake for readiness support requests and deadlines for action on those requests;
- (e) Effectively implementing a new web-based system to increase the ease and effectiveness of applying for and tracking readiness activities;
- (f) Supporting and participating in country multi-stakeholder dialogues in at least 40 countries;
- (g) Supporting and participating in at least six regional structured dialogues: successfully held two regional structured dialogues;
- (h) Developing the GCF environmental and social management system;
- (i) Conducting the review of the Gender Policy and Action Plan; and
- (j) Preparing and presenting for the Board's consideration an Indigenous Peoples Policy.

10. **Readiness.** As of May 30th 2017, the Secretariat approved approximately 32 readiness support requests for 25 countries, valued at an estimated USD 7.3 million. It disbursed USD 3.2 million for 22 approved readiness activities, bringing the total number of readiness disbursements to USD 6 million. CPD has also effectively implemented a submission and review schedule that has helped to systemize and control the readiness proposal review and approval cycle.

Table 1: Submitted readiness proposals since January 2017

Readiness activities	Number of requests
Adaptation planning/programming	14
National designated authority support, including the development of country	36
Strategic frameworks for GCF programming including mandates from the fourteenth meeting of the Board on REDD-plus and technology	14
Support to direct access entities	12
Structured dialogues and other knowledge-sharing/learning activities	4
Total	80

11. **Country programmes.** CPD is working with over 100 countries on their country programme briefs and assisting an additional 20 countries in reaching their official programme

completion; 24 countries had presented their country programme briefs at the sixteenth meeting of the Board (B.16) and one country had submitted its official country programme. A further 18 countries have endorsed their country programme briefs the seventeenth meeting of the Board (B.17), bringing the total number to 42 countries endorsing their country programme briefs. Finally, one more country has submitted its official country programme since B.16, bringing the total to two officially submitted country programmes.

12. **Entity work programmes and support for direct access.** CPD is working with all AEs in the development of their entity work programmes and is further supporting all direct access entities on their pipeline development, including through the organization of a workshop on empowering direct access, organized at GCF Headquarters in Songdo, Republic of Korea, on 23-25 May. The workshop was meant to strengthen direct access entities' capacity on the development of concept notes and accessing the Fund and to expedite the implementation of readiness support for direct access entities through assistance and peer to peer collaboration. The workshop brought together GCF direct access entities alongside relevant national designated authorities (NDAs) and readiness delivery partners to boost the entities' capacity in developing strong funding proposals as well as to enhance their understanding of GCF policies and processes.

13. **Structured dialogues.** The Board requested the Secretariat to include in its progress report to the Board updates on the regional workshops to be organized on the development of regional hubs and on strengthening expertise in regions to support countries and to provide an overview of activities being undertaken by readiness partners.³ During the reporting period, the Secretariat held two structured dialogues – with Asian countries in Bali on 26–28 April, and with Eastern European and Central Asian countries in Tbilisi, Georgia, from 31 May to 2 June. Planning is under way for two structured dialogues that will take place with Caribbean countries on 19-22 June and with the Pacific region 19-22 July.

14. **Increased capacity of CPD.** During the reporting period, CPD hired one consultant, an event coordinator and one international staff, who will be responsible for Project Preparation Facility (PPF) and national adaptation plans (NAPs). It is also in the process of hiring a senior Readiness Programme specialist, an Associate Professional and three accredited entities specialists.

15. **Accreditation.** The Secretariat has continued to review applications for accreditation, in line with the Board's decision to prioritize certain types of entities in 2017⁴. As at 31 May 2017, 13 entities had concluded the Stage I institutional assessment and completeness check and were under review by the Accreditation Panel in Stage II, including 11 direct access and two international access entities. Four of the entities in Stage II are private sector entities, three of which are direct access. More information on the status of accreditation proposals, entities presented for consideration by the Board and the status of accreditation conditions is presented in document "Consideration of accreditation proposals" (GCF/B.17/05).

16. **Readiness Coordination Mechanism.** The Secretariat facilitates a global Readiness Coordination Mechanism (RCM) for partners independently providing GCF readiness support to maximize coordination, lesson learning and harmonized approaches.⁵ Throughout 2017, RCM will focus on partner support to direct access entity project development. Towards this, an RCM retreat was hosted by the Secretariat on the margins of the workshop referred to in paragraph 13 above. The RCM retreat featured partner experience sharing with project support to entities and joint planning for more coordinated and collaborative approaches. Partner support

³ Decision B.12/32, paragraph (j).

⁴ Decision B.14/08.

⁵ The institutions participating in this group include the African Development Bank, the Climate Technology Centre and Network, the Commonwealth Secretariat, the Food and Agriculture Organization of the United Nations, Deutsche Gesellschaft für Internationale Zusammenarbeit, Kreditanstalt für Wiederaufbau, the United Nations Environment Programme, the United Nations Development Programme and the World Resources Institute. Other bilateral and multilateral agencies also participate occasionally in meetings in an observer capacity.

activities range from dedicated technical assistance for direct access entities to the development of project development toolkits, frequently asked questions and training of trainers' approaches.

17. **Environmental and social management system (ESMS).** The Secretariat has finalized the proposed ESMS structure and the draft GCF environmental and social policy for consideration by the Board, following two rounds of public consultations and discussions internally within the Secretariat and with the Accreditation Committee and Accreditation Panel. The proposed ESMS structure is based on the outline contained in Annex VI of the Board decision B.07/02 paragraph (n). The draft environmental and social policy describes the principles, roles and responsibilities, and the requirements to implement the ESMS and ensuring that the environmental and social outcomes are enhanced and the risks and impacts are managed in all the activities financed by the GCF.

18. **Fund-wide Indigenous Peoples (IP) Policy.** The Secretariat is finalizing the draft Fund-wide IP policy taking into consideration the inputs on the scope of the policy received from the members and alternate members of the Board and observer organizations. Further public consultations on the draft Fund-wide IP policy are proposed including a call for public inputs as well as active consultations at the meetings with the UNFCCC and the International Indigenous Peoples' Forum on Climate Change, the UN Permanent Forum on Indigenous Issues, the UN Indigenous Peoples Partnership, and the UN Expert Mechanism on the Rights of Indigenous Peoples facilitated by an informal multi-stakeholder advisory body to provide guidance on the structured consultation process.

2.3 Progress on matters related to gender

19. **Gender considerations.** Following the adoption of the Gender Policy and Action Plan in 2015, gender considerations have been put in place in many areas of GCF work. Furthermore, the actions of the GCF in the implementation of the strategic plan for the GCF followed careful consideration of gender, wherever applicable. In particular, the following activities have been undertaken by the Secretariat with regard to gender mainstreaming:

- a) At the portfolio level, the Secretariat is proactively reviewing concept notes and funding proposals from a gender perspective, and ensures that gender assessments are undertaken by AEs as part of project appraisal, in line with the GCF Gender Policy and Action Plan. During the reporting period, 89 per cent of all the approved funding proposals contain a gender assessment. The Secretariat introduced innovative gender mainstreaming design features such as project-level gender action plans, which has helped to, as per the strategies outlined in the Gender Policy and Action Plan:
 - (i) Identify specific gender elements that need to be included in project activities; and
 - (ii) Determine how the project/programme can respond to the needs of women and men from vulnerable communities in view of the specific climate change issue to be addressed.
- b) During the reporting period, 76 per cent of all the approved funding proposals contain project-level gender action plans. Even though the submission of project-level gender action plans is not a mandatory requirement as per the GCF Gender Policy but rather a design tool which was introduced later, there has been a significant increase in the number of entities that have prepared (or are preparing) project-level gender action plans;
- c) In terms of readiness and project development, gender-related activities are being integrated into the Readiness and Preparatory Support Programme with resources dedicated to the NDAs to develop participatory and inclusive strategies, enhance multi-stakeholder processes, especially at the grassroots level, ensure the involvement of

- women-led organizations and representatives from indigenous peoples organizations in consultations, conduct gender-sensitive stakeholder consultations and analysis, and develop gender-responsive country programmes. The Gender and Social Specialist has also been involved in the review of NAP development processes before submission for approval. The gender team continues to provide support to the review of Project Preparation Facility proposals;
- d) The Secretariat is working on a revised gender policy and action plan, with a view to presenting the document for the Board's consideration at its eighteenth meeting (B.18). Terms of reference were developed for the review and update of the plan and a call for public inputs was published in April 2017, with the deadline for submission being 21 May 2017. As at 10 June, a total of 36 submissions had been received from Board members, alternate Board members, AEs and civil society organisations. An experienced consultant will be recruited to assist in the process of reviewing and updating the Gender Policy and Action Plan;
 - e) A knowledge-sharing session on gender was organized for potential entities in the Organization of Eastern Caribbean States region and direct access entities, NDAs and focal points;
 - f) Gender-informed indicators and gender considerations have been incorporated in the templates of country programmes and entity work programmes. In this context, the Secretariat is working to:
 - (i) Advance gender responsive actions; and
 - (ii) Monitor progress on gender action in country programmes and work programmes of AEs;
 - g) A training manual on gender and climate change has been finalized and is currently being designed and made print-ready. This will be the first manual to come from the GCF and is expected to be published soon on the GCF website. The gender team is also working closely with the Communications Unit to develop other gender-relevant outreach materials;
 - h) The GCF worked closely with and guided the United Nations Entity for Gender Equality and the Empowerment of Women (UN Women) on the preparation of a handbook on leveraging co-benefits between gender equality and climate action; the handbook was launched by UN Women and has been posted on the GCF website;
 - i) The Gender and Social Specialist was invited by UN Women and the UNFCCC to contribute to the development of the UNFCCC first institutional-level gender action plan. The GCF actively participated in this contributory effort by sharing its gender mandates, approach, strategies, programme development and implementation arrangements;
 - j) The Gender and Social Specialist provided strategic advice to the Portfolio Management Unit of the GCF on preparing a learning- and results-based format for annual performance reports, in terms of gender, social inclusion and other intervention areas; and
 - k) The Gender and Social Specialist was recommended by the Department for International Development (DFID) of the Government of the United Kingdom of Great Britain and Northern Ireland to be one of 20 experts worldwide to be interviewed for a DFID-financed global study on gender equality and social inclusion in integrated water resources management, to be undertaken by the Global Water Partnership and Institute For Sustainable Futures, University of Technology Sydney.

2.4 Progress on matters related to the Division of Mitigation and Adaptation

20. The overarching mitigation and adaptation (M&A) priorities in 2017 relate to the following core activities:

- (a) Facilitating the finalization of as many funded activity agreements (FAAs) as possible to enable disbursements and the implementation of already approved projects that have been approved prior to B.16;
- (b) Facilitating the review and submission to the Board of 20 or more new public sector projects;
- (c) Enhancing M&A sector expert engagement with countries and AEs for the preparation of high-quality, high-impact, transformational projects; and
- (d) Assigning a Senior/Principal Specialist to support the enhanced direct access pilots and directly support countries, NDAs and direct access entities in the origination of high-quality pilot funding proposals.

21. **FAAs.** Out of the 43 funding proposals (FPs) approved to date by the Board, 32 fall under the Division of Mitigation and Adaptation (DMA). Since October 2016, DMA and the Office of the General Counsel (OGC) have been working together with the Finance Team and the Portfolio Management Team on the FAAs negotiations, proceeding in the following order of priority:

- (a) FPs with AEs who have signed an AMA with the GCF;
- (b) FPs from the eleventh meeting of the Board (B.11) (i.e. dating back from November 2015);
- (c) Non-B.11 FPs in order of deadlines for FAA execution; and
- (d) Non-B.11 FPs in order of Board meetings when under the same deadline for FAA execution.

22. As at 10 June 2017, almost all FAAs approved by the Board since B.11 to B.15 have been executed and are currently in the stage of meeting the conditions for effectiveness. The status of the FAAs negotiations is as shown in table 2 below.

Table 2: Progress with public sector FAAs

Executed funded activity agreements (FAAs)	16
Executed FAAs which are effective	5
FAAs under negotiations	4
FAAs with deadline postponed	2
Funding proposals with no accreditation master agreements	10
Total	32

23. First disbursement has been made to the Peruvian Trust Fund for National Parks and Protected Areas (FP 001) for a total value of USD 1.01 million. Considering only those FPs from AEs with signed AMAs and approved between B.11 and B.15, which have been effective, the total amount of disbursements for public sector projects by the end of 2017 is expected to be around USD 80 million. Considering all 25 public sector FPs adopted between B.11 and B.15 that have executed the FAAs, disbursements could reach USD 120 million by end of 2017. More information on the status of approved funding proposals and the conditions attached thereto can be found in the document "Status of fulfilment of conditions associated with the approval of relevant funding proposals".

24. **Review and submission of FPs.** During the reporting period, six public sector proposals have been reviewed and presented to the independent Technical Advisory Panel (TAP) for their recommendation to the Board.
25. **Engagement with countries and direct access entities.** DMA, in close coordination with CPD, has identified a number of countries whose country programmes are in the advanced stage and who have nominated direct access entities, in which the two divisions will work closely together to support readiness and pipeline development. In addition, both divisions have agreed to work closely with accredited direct access entities to support them in increasing their capacities to develop funding proposals.
26. Finally, both divisions have started to engage international access entities to also support the review and development of their work plans and pipelines. In this reporting period, DMA and CPD have engaged the United Nations Development Programme and the World Bank.
27. DMA is aiming, while expanding its staff capacities with new recruitment, at assigning a Specialist and an Associate Professional to work on supporting the origination of the enhanced direct access pilots. This team would closely work with CPD.
28. **Development of policy documents.** DMA has led the development of documents related to the consolidated issues on policy matters in the consideration of funding proposals from B.11 to B.16. A total of 6 policy papers have been developed by the Secretariat, including on the proposal approval process, simplified approval process, analysis and status of fulfilment of conditions and strategic programming priorities as well as an updated activity cycle. Finally, DMA has prepared an internal process and action plan on the project review cycle, which was endorsed by the Senior Management Team (SMT) and is now being implemented.

2.5 Progress on matters related to the Private Sector Facility

29. The Board, in decision B.09/09, paragraph (e), requested the Secretariat to produce a regular update report to the Board on the activities of the Private Sector Facility (PSF). The key priority initiatives of PSF in 2017 include:
- a) Mapping of private sector players and strategic road map: develop a strategic road map for GCF engagement with the private sector, institutional investors and areas of uniqueness, complementarity and collaboration in the climate finance space with the ultimate goal of developing a business plan;
 - b) Capacity and staffing: PSF is working diligently to bring on board highly qualified staff to complement the existing talented team and expand PSF programming to meet the needs of client countries. PSF strives to enhance product and investment expertise in the team; and
 - c) Projects and programmes: there are three important priorities beyond the further implementation of the two pilot programmes as indicated above, as follows:
 - (i) To take a key role in finalizing outstanding AMAs with accredited private sector players, while maintaining focus on signing FAAs and on disbursements on private sector projects and programmes approved before 2017 in the range of USD 100–150 million;
 - (ii) To work closely with AEs to ensure the proper implementation of the already approved private sector projects to begin, with a goal of enabling the initial implementation of five to seven of the already approved projects; and
 - (iii) To facilitate the review of, value addition to and quality engagement with AEs to ensure submission to the Board of up to 12 projects or more new private sector projects and/or programmes that meet country needs first and in line with GCF policies and guidelines.

30. **Funded Activity Agreements.** As at 10 June 2017, a total of 11 private sector FPs were approved by the Board. Of those, 2 are currently under preparation, with 3 FPs executed. The table below provides a summary.

Table 3: Summary of private sector funded activity agreements

Executed and effective funded activity agreements (FAAs)	3
FAAs under negotiations	4
FAAs yet to be drafted, since accreditation master agreements (AMAs) are not effective	1
FAAs without AMAs	4
Total	12⁶

31. The disbursement of two projects have been made:

- a) USD 5,960,457 equity for Acumen Fund’s KawiSafi Ventures Fund (FP005) has been requested and disbursed cumulatively; and
- b) USD 0.5 million grant for XacBank business loan programme for greenhouse gas emission reduction (FP028) has been requested and disbursed. More information on the status of approved funding proposals and the conditions attached thereto can be found in the document “Status of fulfilment of conditions associated with the approval of relevant funding proposals”.

32. **Review of funding proposals.** During the reporting period, three private sector proposals have been reviewed and presented to TAP for their recommendation to the Board.

33. **Communication and outreach.** In addition, the following communication and outreach activities are considered as priority for the PSF in 2017:

- a) Contributing to developing a tailored strategy for communication and engagement with AEs and countries (including their local private sector) designed to support the submission of high-quality, high-impact, transformational private-sector projects: PSF is working closely with CPD in increasing the number of private sector direct access entities (local and international) operating in developing countries;
- b) Developing and initiating the implementation of a strategic outreach plan to draw in new private sector actors and AEs in climate projects: PSF will support the Private Sector Advisory Group (PSAG) to present a recommendation on the development of a private sector outreach plan at B.18; and
- c) Supporting the PSAG, providing logistical support for and participating in its virtual and physical meetings and advancing its recommendations to the Board. A virtual meeting of the PSAG took place on 1 June 2017. The Secretariat’s analysis of barriers to crowding in and maximizing the engagement of the private sector, including PSAG recommendations from the meeting, will be presented at B.17.

34. **Micro-, small- and medium-sized enterprises (MSMEs) programme.** The Board, in decision B.13/22, paragraph (c), requested the Secretariat to issue the request for proposals (RFP) to solicit responses from AEs and potential AEs in order to provide financial solutions to MSMEs in support of mitigation and adaptation activities in developing countries. The Board approved two projects for GCF funding of USD 32 million at B.15 and the Secretariat is presenting one funding proposal for the Board’s consideration at B.17. On closing the first pilot programme, the total portfolio of the first pilot is expected to comprise up to five MSME proposals within the envelope of USD 100 million as decided by the Board. Building on the lessons learned from the

⁶ While there is a total of 11 private sector FPs approved by the Board, FP 028 (Xac Mongolia) comprises two FAAs for grant and loan components.

first pilot, the second pilot programme is expected to be launched after the nineteenth meeting of the Board (B.19).

35. **Mobilizing funds at scale programme.** The Board, in decision B.16/03, paragraph (a), requested the Secretariat to issue the RFP to solicit responses from AEs and potential AEs to establish and manage pilot programmes for mobilizing funds at scale and decided to allocate up to USD 500 million over the course of the initial mobilization period for this programme. The Board also decided to consider proposals submitted under this RFP as part of the wider portfolio of the GCF, and through the same modalities as standard proposals.

36. The Secretariat has undertaken several promotional activities to raise awareness about this RFP among prospective private sector organizations. The RFP was launched on 25 May 2017 on the occasion of the 2017 “Climate 4 Finance” conference in Barcelona, Spain, a key industry platform that gathers the private sector community to help to advance the global climate response. Details of the RFP are made available on the GCF dedicated microsite⁷, which is widely promoted through social media channels. In addition, the GCF is advertising the RFP in international mainstream media, as well as in leading business newspapers on all continents.

37. The concept notes submitted in response to this RFP will be scored against predetermined criteria and the submitters of concept notes with the highest scores will be invited to develop full funding proposals. The Secretariat aims to present a first batch of funding proposals at B.19 for the Board’s consideration.

2.6 Progress on matters related to the Division of Support Services

Resource management

38. The Secretariat will be undertaking a number of 2017 priority initiatives that are essential for advancing the effective operation of the GCF in the area of resource management. The following priority initiatives are planned to be implemented by the end of 2017:

- (a) The completion of a business continuity plan to deal with prevention and recovery in the event of disruption;
- (b) The establishment of a Portfolio Management Unit in the first quarter of 2017 to monitor progress on approved projects;
- (c) The finalization of as many outstanding contribution agreements as possible;
- (d) The finalization of a sustainable procurement policy by the end of the first quarter of 2017;
- (e) The execution of disbursements for approved funding proposals;
- (f) The enhancement of business information systems to more efficiently support and/or monitor such key activities as portfolio management, contribution management, readiness requests, cost containment and stakeholder networking;
- (g) The augmentation of travel services to enable continuous support by mid-2017;
- (h) The preparation of a strategic procurement planning process, updated standard bidding documents and standard operating procedure for GCF procurement; and
- (i) The redesign of at least two floors of office space to support new staff.

39. **Portfolio Management Unit (PMU).** As at the beginning of June, the Head of PMU and four staff members had taken up their positions. The role of PMU has been clarified to start

⁷ www.greenclimate.fund/500m.

monitoring a project/activity after the first disbursement. In terms of activities of PMU, the first approved project report was reviewed and comments have been provided. Progress reports on readiness have also been reviewed. The approved Project Preparation Facility grant agreement and its reporting requirements have been reviewed, as well as other funding proposals. Contractual arrangements with respect to readiness have been addressed along with procedures for second disbursements and contract extensions. Input on the framework for monitoring and evaluation, reporting, implementation plans and timetables have been provided to DMA and PSF, as well as comments on the performance measurement framework and initial result framework.

40. **Business information systems.** Work has progressed allowing AEs, NDAs and Board Members to receive a real-time view of quality information on the portfolio content. Respective preparation and demonstration work was undertaken with the AEs. It is further planned to prepare and make available for demonstration an online readiness request submission portal by B.17. The GCF has now fully completed the transition away from a self-equipped and managed data centre in the Republic of Korea towards a Cloud only arrangement, which allows for stronger shielding against cybercriminal activities and higher systems availability.

41. **Procurement.** The revised administrative guidelines on procurement is under review and is expected to be presented for the Board's consideration at B.18, together with the review of the Administrative Guidelines on Human Resources. The procurement planning of the Secretariat has been ongoing but has experienced delays due to late submission by the divisions that had to reorganize their programmes after the budget approval. The Corporate Plan will be submitted to SMT for approval together with the Plan for Individual Consultants by the end of May. The standard operating procedures document has also been finalized after input from Internal Audit. New standard bidding documents are being finalized and should be ready by the end of May.

42. **Other administrative matters.** The Division of Support Services (DSS) is in the process of procuring continuous support travel services, with the expression of interest completed and issuance of RFPs in May. It is expected that the process will be concluded by the end of June. Two floors (14 and 17) of the G-Tower are being redesigned and work is expected to be completed by the beginning of June. The Business Continuity Plan draft is being prepared and currently under review by SMT.

Human resources

43. In the area of human resource (HR) management, the Secretariat identified a number of priority initiatives expected to be completed by the end of 2017, including the following:

- (a) Finalizing and, where warranted, facilitating the implementation of procedures for internal promotions and pay progression;
- (b) Extending and approving selected staff benefits that support staff retention;
- (c) Finalizing development and initiating the implementation of a training and learning strategy for enhanced professional development; and
- (d) Increasing the promotion of the Secretariat's family support group and employment assistance provided to spouses.

44. In addition to working to hire and maintain essential human resource talent, DSS will complete at least the following two priority HR-system-related initiatives by the end of 2017:

- (a) Executing the first application of the Secretariat's new performance management system and consequent performance pay; and
- (b) Developing and applying new information technology solutions to support recruitment and HR administration.

45. **Talent management and staff promotions.** The Administrative Instruction on Promotions has been developed, approved and implemented for salary administration (including merit pay) and internal promotions. The Secretariat Performance Management System has been developed and completed for the year 2016. Learning and training budgets have been allocated to each division and office, along with guidelines on how to ensure maximum learning opportunities for all staff. Training on knowledge management is taking place at the end of June.
46. **Staff retention and family support initiatives.** Extensive efforts are being made to help staff and families settle in to living and working in the Republic of Korea: Incheon Free Economic Zone (IFEZ) welcome package, Family Working Group initiatives, hiring of an Onboarding Coordinator. Employment benefits are planned to be rationalized and adjusted to suit the particular working conditions in Songdo with its challenges of pollution and insecurity, professional and social isolation, and lack of comprehensive facilities for families. This new benefits package will be presented in the revised Administrative Guidelines on Human Resources. The Family Working Group is continuing to promote events to help families to settle down in the Republic of Korea (e.g. a recent ski trip). Contracting is in progress for a consultant to develop and maintain a job board, highlighting local employment possibilities for spouses/partners; also pro-actively seeking job opportunities and working with individual spouses/partners to assist in their job search.
47. A new web platform called “SAP Success Factors” has been procured and is in the process of implementation. Recruitment, onboarding and core HR information are the priority modules.
48. **Resource mobilization.** As at 31 March 2017, a total of approximately USD 10.1 billion equivalent of contributions, USD 3.9 billion equivalent is available, of which USD 2.4 billion equivalent had been received as cash and USD 1.5 billion equivalent as promissory notes. Cumulative funding decisions as at 31 March 2017 (net of cancellations for administrative budget under expenditures in prior years) amounted to USD 2.4 billion. As at 31 March 2017, the total balances available for future commitments amounted to USD 1.5 billion. More detailed information on the status of resource mobilization is provided in document “Status of GCF resources” (GCF/B.17/Inf.04).
49. **Permanent Trustee.** Following decision B.16/12 on the competitive selection process for the Permanent Trustee, the Secretariat has been working with the Ad Hoc Trustee Selection Committee to finalize the terms of reference and the competitive selection process. More information on this is provided in document “Selection of the Permanent Trustee”.
50. **Security and health issues in Songdo.** Recent geopolitical tensions have heightened concerns about security for GCF staff working in Songdo. In response, the Secretariat has developed a comprehensive emergency plan which covers everyone working at the Secretariat. Detailed plans for action cover all scales of emergency ranging from instructions to work from home to full-scale evacuation from the Republic of Korea. These plans are not only to safeguard Secretariat staff, but also to make sure that the business of the GCF can continue with as little interruption as possible. Environmental pollution is also a major concern for Secretariat staff, with the presence of breathable particulates (very fine dust) being the most significant hazard, which can cause serious health problems in the short and long term. Very frequently, the rating of the air quality in Songdo falls below acceptable levels, and it rarely raises above fair. During a recent three-day holiday the Republic of Korea authorities issued official warnings not to go outside, so most of the Secretariat staff had to spend their holiday in their apartments. In response to this issue the Secretariat has commissioned an expert to measure the quality of air in Secretariat offices, and appropriate measures will be taken as per the results, including additional air filters if required.

2.7 Progress on matters related to the Office of the General Counsel

51. OGC is leading the Secretariat's efforts to negotiate and sign as many AMAs and FAAs as possible in order to facilitate the initiation of disbursements and the implementation of already approved projects. That said, OGC has number of additional priority initiatives that it will strive to complete in 2017, including the following:

- (a) Making significant progress on getting privileges and immunities for the GCF in all countries, either through bilateral agreements, multilateral agreements or investigating linkage with the United Nations;
- (b) Preparing fiduciary guidelines, instructions and policies on conflict of interest, harassment, gifts and entertainment, staff bill of rights and staff vetting;
- (c) Developing a case management system ensuring the proper administration of new matters and tracking progress;
- (d) Preparing a document clarifying the hierarchy of GCF legal norms (e.g. the Governing Instrument for the GCF, Board decisions, administrative instructions issued by the Executive Director, guidance, etc.); and
- (e) Developing short-form procurement contract templates for low-value procurements.

52. **AMAs and FAAs.** As at 10 June, the Secretariat had signed 25 AMAs with AEs and had reached an agreed text with a further 4 AEs, which together represent 60 per cent of all entities accredited by the Board. Negotiations with the other 19 entities accredited by the Board are ongoing and are at different stages of progress. The status of such AMAs is set out in a separate document "Status of accreditation master agreements and funded activity agreements" (GCF/B.17/Inf.05). With regards to FAAs, good progress has been made, for which OGC shares responsibility with DMA and PSF. Further details are set out in the sections of this report relating to DMA and PSF.

53. **Privileges and immunities.** The Secretariat is actively pursuing negotiations with both developed and developing countries, namely officials of Parties to the UNFCCC, during meetings and conferences. As at 10 June 2017, the Secretariat had sent draft agreements on the privileges and immunities of the GCF to a cumulative total of 120 countries. To date, 12 bilateral privileges and immunities agreements have been signed. These are with Antigua and Barbuda, Belize, Cook Islands, Honduras, Kiribati, Micronesia (Federated States of), Namibia, Papua New Guinea, Samoa, Solomon Islands, Tonga and Zambia. An agreed text of the bilateral agreement has also been reached with Georgia and is pending ratification.

54. While progress has been made, the Secretariat notes with serious concern that further and sustained efforts are required to ensure that the GCF is covered by privileges and immunities as envisaged by its Governing Instrument. Negotiations on bilateral agreements with Parties to the UNFCCC will continue. However, in addition, the Secretariat intends to propose offering to Parties to the UNFCCC the alternative option of entering into a multilateral agreement that will in substance follow the template agreement on the privileges and immunities of the GCF, which has been developed by the Secretariat.

55. The Secretariat has also asked for information from the Presidency of the Conference of the Parties (COP) as to the status of the request made by the Board in its 2014 report to the COP for the COP to consider an institutional linkage between the United Nations and the GCF to enable the GCF to be covered by the Convention on the Privileges and Immunities of the United Nations.⁸ The Secretariat understands that no consensus has been reached by the COP on following up on the Board's request.

⁸ UNFCCC/CP/2014/8.

56. The Secretariat would like to renew its request for the support and cooperation of all Parties to the UNFCCC in order that either a multilateral agreement or a bilateral agreement on the privileges and immunities of the GCF may be entered as soon as possible, or for Parties' support for the request by the Board to the COP to make arrangements for an institutional linkage between the United Nations and the GCF. The Secretariat wishes to stress in this context that unless swift and decisive efforts are undertaken to ensure that the GCF is covered by privileges and immunities, the GCF will be seriously exposed to litigation and other risks which would have many adverse effects on the ability of the GCF to effectively and independently perform its functions and to operationalize its activities, including on the ability of the independent Integrity Unit (IIU) and the independent Redress Mechanism to carry out in-country investigations.

57. **Fiduciary policies.** In close coordination with IIU and the Compliance Unit, part of the Office of the Risk Manager, a division has been made of fiduciary tasks to be undertaken by each team. OGC has assumed primary responsibility for assessing conflicts of interest of staff members and consultants brought to the General Counsel's attention by the individual concerned or third parties. In addition, as per the Administrative Guidelines on Human Resources, the General Counsel has an advisory role on the interpretation of the Staff Code of Conduct. Other fiduciary policies are now being overseen by the Compliance Unit or IIU.

58. **Clarifying the hierarchy of legal norms.** OGC has prepared a draft administrative instruction of the legal framework of the GCF. This is intended to help to organize the various policies, rules, procedures and guidance issued by the Board, the Executive Director or relevant directors, as appropriate, into a hierarchy of norms, with the Governing Instrument at the top and decisions of the Board just below it.

59. It is intended to establish a due process to determine, within the Secretariat, the form and legal nature of the different instructions and procedures applicable to the work and operations of the Secretariat. A draft administrative instruction on such a legal framework has been prepared and is currently under review by SMT.

60. In terms of short-term procurement contracts, this work stream is planned for the second half of 2017.

2.8 Progress on matters related to the activities of Secretary to the Board

2.8.1 Supporting the Board

61. The Office of the Secretary to the Board (OSB) acted as the liaison between the Secretariat and the Co-Chairs teams in developing the B.17 provisional agenda and in determining the documentation requirements; and facilitated the development and publication of documents prepared for consideration at B.17, thereby supporting the Board's decision-making process. OSB has supported the Co-Chairs teams in keeping track of the implementation of Board mandates and updating the 2017 work plan of the Board accordingly. OSB also supported the visit of the Co-Chairs teams to the Secretariat at the end of May 2017, including by coordinating their meetings with the Secretariat divisions and offices.

62. In contributing to and enhancing knowledge management, OSB is in the process of developing a Board decision tracker that among other functions will help the Secretariat to track the status of implementation of Board mandates. OSB coordinated the development of documents GCF/B.16/23, "Decisions of the Board – sixteenth meeting of the Board, 4 – 6 April 2017"; and GCF/B.16/24, "Report of the sixteenth meeting of the Board, 4 – 6 April 2017". These products also facilitate the implementation of Board mandates by the Secretariat and other relevant actors.

63. Jointly with DSS and OGC, OSB has facilitated the development of a Memorandum of Understanding with the Arab Republic of Egypt for its hosting of B.18.

2.8.2 **Facilitating GCF engagement with and response to guidance from the Conference of the Parties**

64. The Secretariat prepared document “Sixth report of the Green Climate Fund to the Conference of the Parties to the United Nations Framework Convention on Climate Change” (GCF/B.17/02). It is therein recommended that the Board request the Co-Chairs, assisted by the Secretariat, to finalize the report taking into consideration the comments made and decisions taken at B.17, and to submit the revised report to the UNFCCC secretariat no later than 12 weeks prior to the twenty-third session of the COP, in accordance with UNFCCC decision 7/CP.20, paragraph 23.

65. In response to decision B.13/12, the OSB prepared document “Operational Framework for Complementarity and Coherence with other Funds” (GCF/B.17/08) for consideration by the Board.

2.8.3 **Engagement with thematic bodies of the United Nations Framework Convention on Climate Change**

66. In line with decision B.13/11 where the Board requested the Secretariat to strengthen its approach to engaging with the thematic bodies, OSB participated in and facilitated the Secretariat’s participation in the forty-sixth sessions of the Subsidiary Body for Implementation and the Subsidiary Body for Scientific and Technological Advice and the third part of the first session of the Ad Hoc Working Group on the Paris Agreement, which took place in Bonn from 8 to 18 May 2017. The engagement in the session concentrated on informing country representatives and stakeholders on the status of operations at the GCF, including in response to mandates and guidance received from the COP, as well as participating in mandated and special events, such as the technical expert meetings, which are part of the work programme resulting from relevant requests in the Paris Agreement, and the celebration of a GCF side event, which included participation of CTCN Executive Director.

67. The Secretariat also took part in the 15th meeting of the Standing Committee on Finance, held in Bonn from 6 to 9 March 2017, in which the sixth review of the Financial Mechanism of the Convention was initially considered, among other agenda items.

68. The Secretariat also has engaged with the Least Development Countries Expert Group (LEG) in providing information related to support available for adaptation planning through the Readiness Programme through remote participation in the regional workshops organized by the LEG, and with the Adaptation Committee (AC) through the provision of updates of GCF operations for their e-bulletin on adaptation finance.

69. Additionally, in line with the guidance received from the Conference of the Parties on linkages with the Technology Mechanism and subsequent, the Secretariat has collaborated with the CTCN in the organization of the events to enhance coordination between NDAs and National Designated Entities (NDEs) as part of the Structured Dialogues and information materials going to the NDAs with information on collaboration between CTCN and GCF.

2.8.4 **Engagement with other climate finance delivery channels**

70. The Executive Director also met with heads of secretariats of other climate finance delivery channels (GEF, CIFs, and AF) in April during the World Bank Spring Meetings in Washington, D.C., to inform them on ongoing discussions on the matter, including the GCF dialogue with climate finance delivery channels to be held as per decision B.13/12. Following this meeting, the Secretariat has taken efforts to increase collaboration with other climate finance delivery channels, and where relevant they have been reflected in the proposed Operational Framework on Complementarity and Coherence to be considered at B.17.

71. In line with decision B.13/12 and the Governing Instrument, the Secretariat continues to engage in complementarity and coherence with other climate finance delivery channels in

preparation for the input to be presented to the Board at B.17. The Secretariat has continued to advance collaboration through informal exchange of information and participation in strategic events. The Secretariat participated in the replenishment meetings of the Global Environment Facility (GEF), the extended constituencies meetings of the GEF for the Asia constituency, and the GEF 52nd Council. Engagement in these meetings served to advance collaboration between Secretariats on programming efforts, as well as enhanced outreach and information sharing on matters of relevant as the two operational entities serving the UNFCCC Financial Mechanism.

72. The Secretariat also actively engaged with the Adaptation Fund Board Secretariat in the side-lines of the SB46 sessions to identify areas of potential collaboration, particularly to support direct access entities and to further enhance sharing of information on experiences related to accreditation. Additionally, the Secretariat participated in the CIF Trust Fund Committee and Sub-Committee Meetings, which allowed to clarify information related to current GCF policies and enhance information and understanding of the Secretariat of the status of CIF investments plans and programming efforts.

2.8.5 Engagement with the Climate Technology Centre and Network

73. Paragraph (f)(iii) of decision B.13/11 specifies “Identifying components of the programmes and work-plans of the thematic bodies that are related to the GCF, and, where appropriate, updating the work programme of the Secretariat” as means to improve coordination. The guidance from the COP also addressed the matter of the relationship between the NDAs of the GCF and the national designated entities (NDEs) of the Climate Technology Centre and Network (CTCN). The GCF Structured Dialogue with Asia demonstrates such collaboration in action, with CTCN having engaged with the GCF so that the CTCN Regional Forum for Asia was held alongside the GCF dialogue.

74. By scheduling the dialogue and the CTCN Regional Forum in parallel and complementary schedules, GCF NDAs and CTCN NDEs benefited from a mutual exchange of updates and knowledge-sharing through cross-presentations and discussions.

75. CTCN NDEs participated in the structured dialogue sessions on the GCF accreditation process and country programming, which brought together NDAs, AEs and other GCF partners. The session highlighted how countries reflect their national climate action priorities in their engagement plans with GCF, which also provided CTCN NDEs with an opportunity to become better acquainted with their countries’ national priorities for the GCF.

76. CTCN was invited to speak at the GCF dialogue, where it updated NDAs on the technical support it offers countries to further develop their country programmes to meet their climate change adaptation and mitigation goals.

77. CTCN is currently providing technical support to Ghana and Tonga, enabled by financing from the countries’ allocations under the GCF Readiness and Preparatory Support Programme.

2.8.6 Supporting the engagement of observer organizations with the GCF

78. OSB opened the thirteenth round of applications for the accreditation of observer organizations. The applications are under review with plans to present recommendations to the Board for accrediting additional observer organizations through a decision taken between meetings.

79. OSB also managed correspondence with observers and coordinated the observer registration process to enable their participation in B.17.

2.8.7 Facilitating and monitoring the implementation of the information Disclosure Policy

80. OSB facilitated the timely disclosure of environmental and social safeguards reports of funding proposals scheduled for the Board's consideration at B.17.
81. OSB also coordinated the Secretariat's responses to information requests under the Information Disclosure Policy.
82. OSB has developed proposed modalities on the qualitative and quantitative review of the webcasting service mandated in decision B.12/35 with the intention of presenting these to the Board for its consideration. In the meantime, OSB has started to collect and analyse quantitative and qualitative data which are expected to feed into the webcasting review when it is undertaken. As per decision B.12/35, the review of the webcasting service is due for the Board's consideration no later than March 2018.
83. In collaboration with OGC, OSB contributed in resolving matters related to information disclosure that arose in the negotiation of AMAs.

2.8.8 Contribution to the assessment of funding proposals

84. The OSB contributed to the Secretariat's assessment of funding proposals with a view to assessing complementarity and coherence with other climate finance delivery channels, and the level of adherence to proposals presented in guidance from the COP.

2.9 Progress on matters related to the Office of Risk Management

85. The Board requested the Secretariat "to develop the necessary methodologies and internal procedures, hire a permanent Risk Manager and additional staff to enhance the Secretariat's risk management capacity as a matter of urgency, and report to the Board, as part of the report on the activities of the Secretariat at each meeting, on the status of this process".⁹
86. Following the addition of the compliance function under the Office of Risk Management (ORM) as of February 2017, the Secretariat has also successfully recruited a Senior Enterprise Risk Specialist, two Risk Specialists and a Team Assistant Consultant, all of whom joined in April and May 2017. The recruitment process to enhance the Secretariat's risk management and compliance capacity is still ongoing. The recruitment process for two Compliance Specialist positions is in progress and an offer has been made for a Compliance Team Assistant position. Additional vacancy postings have been advertised and interviews will be held for another Risk Specialist position and two Associate Professional positions within ORM.
87. During the reporting period, ORM has provided risk assessments for 16 funding proposals, several AMAs and other-risk related matters.
88. ORM has been working with the external consulting firm Oliver Wyman in the development of a risk management framework. Bilateral meetings with the Senior Management Team have been conducted and regular consultations with the Risk Management Committee are ongoing and include discussions on the following deliverables:
- a) Development of the risk appetite statement;
 - b) Improvement of the risk guidelines;
 - c) Providing advice on the risk rating approach, including the methodologies to assess AEs' ability to implement and execute a range of projects and programmes;
 - d) Improvements to the risk register; and
 - e) Completing and operationalizing a risk dashboard that summarizes the risk profile of the GCF.

⁹ Decision B.13/36, paragraph (d).

2.10 Progress on matters related to the Office of the Internal Auditor

89. Like ORM, the Office of the Internal Auditor (OIA) is a new office in the GCF and it is being constituted with new staff, its Head of Office, Internal Audit Specialist and Associate Professional.
90. With regard to priority initiatives for 2017, OIA intends:
- (a) To prepare a three-year internal audit plan focusing on 2017 for the approval of the Executive Director and begin to implement the plan; and
 - (b) To draft an audit manual, tools and templates and select and deploy audit software.
91. During the reporting period, the OIA developed a risk-based three-year internal audit plan; this was reviewed and approved by the Executive Director, the Senior Management Team and the Ethics & Audit Committee; the Ethics & Audit Committee asked the OIA to make the plan a GCF official document so that the Committee might present it to the Board for their information. The plan ensures that each unit in the Secretariat will be audited in the next three years: five units are scheduled to be audited in 2017:
- a) CPD;
 - b) DMA;
 - c) PSF;
 - d) HR unit within DSS; and
 - e) Financial Management unit within DSS.
92. As well as these audits, the plan for 2017 includes a number of advisory engagements (reviews of standard operating procedures and methodologies as they are developed). Other work will be performed as needed.
93. OIA has started to implement the audit plan for 2017 as follows:
- a) The audit of CPD was conducted and a report has been submitted to the Executive Director.
 - b) The audit of DMA is in progress.
94. OIA has developed a suite of tools and templates and rolled them out for use in the audits it is conducting. It is developing an audit manual, with the first draft expected in the third quarter of 2017.
95. OIA has selected audit management software (TeamMate) with the support of OGC and the information and communication technology and procurement units. This software will be installed in the third quarter of 2017.
96. The Secretariat is encouraged by the acceptance of its audit function for participation under the United Nations System Chief Executives Board for Coordination umbrella for the first time, and will therefore seek, whenever beneficial, the inclusion of other functional units, especially under the High-Level Committee on Management for similar synergy effects.
97. OIA arranged for a three-day training course on systems of internal control under the Committee of Sponsoring Organizations of the Treadway Commission (COSO). The course was delivered by the Institute of Internal Auditors under the official COSO Internal Control Certificate program. As well as the members of OIA, 17 other staff within the Secretariat participated in this course, and are now taking the online exam to be certified under that program.
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