



**GREEN
CLIMATE
FUND**

Meeting of the Board

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Provisional agenda item 8(a)

GCF/B.21/Inf.14

26 September 2018

Report on the activities of the Co-Chairs

Summary

This document contains the report on the activities of the Co-Chairs from July to September 2018, including an overview of the implementation of the 2018 Board workplan and the status of implementation of mandates given by the Board to the Co-Chairs.

I. Introduction

1. This document presents the report on the activities of the Co-Chairs from July to September 2018, including an overview of the implementation of the 2018 Board workplan and the status of implementation of mandates given by the Board to the Co-Chairs.

II. Workplan of the Board for 2018: overview on progress

2. By decision B.18/01, the Board approved the workplan of the Board for 2018 and requested the Co-Chairs to update the workplan following each meeting of the Board. Following the eighteenth and nineteenth meetings of the Board, the workplan was updated by incorporating: agenda items slipping from the previous meeting; mandates emerging from decisions taken at the previous meetings; and mandates emerging from decisions taken between meetings.

3. In order to lighten the provisional agendas for the twentieth and twenty-first meetings of the Board (B.20 and B.21), and in some cases to allow for the time required to develop the relevant documentation, a number of items were deferred for consideration at later Board meetings. By decision B.20/03 the Board formally deferred those items due for consideration by B.20, to be presented to the Board at the earliest possible opportunity.

2.1 Matters concluded

4. To date, the following matters were brought to a close in 2018:

- (a) The Indigenous Peoples Policy, adopted pursuant to decision B.19/11;
- (b) A revised policy on fees for accredited entities (and delivery partners), adopted pursuant to decision B.19/09; and
- (c) Recommendations of the Private Sector Advisory Group on the development of a private sector outreach plan, pursuant to decision B.19/17.

2.2 Matters progressed

5. The Board also made progress in a number of aspects, including:

- (a) Adoption of components V, VI and VII of the risk management framework (investment risk policy, non-financial risk policy and funding risk policy, respectively), and updated component III (risk dashboard), pursuant to decision B.19/04;
- (b) Building the Environmental and Social Management System of GCF following the adoption of the Environment and Social Policy and mandating further work, pursuant to decision B.19/10;
- (c) Approval of ~USD 1.1 billion for projects and programmes pursuant to decision B.19/12;
- (d) Approval of USD 60 million for the execution of the Readiness and Preparatory Support Programme, pursuant to decision B.19/15; and
- (e) Approval of the workplan and budget of the independent units for 2018 pursuant to decisions B.19/19, B.19/20 and B.19/21.

2.3 Additional work mandated

6. In addition, the Board issued new mandates for work under its 2018 work programme. About 10 items were added to the Board workplan for the Board to consider, including:
- (a) A proposal in response to the guidance from the Conference of the Parties to the United Nations Framework Convention on Climate Change regarding privileges and immunities, pursuant to decision B.19/02, paragraph (d);
 - (b) Advancement of work to conclude the essential preparatory arrangements for the first formal replenishment process of GCF, including preparation of necessary policies and procedures for the formal replenishment process, pursuant to decision B.19/05;
 - (c) An integrated approach to resolve interrelated issues related to the approval of funding proposals, including steps to enhance the climate rationale of GCF-supported activities, pursuant to decision B.19/06;
 - (d) Following the review of the structure and effectiveness of the independent Technical Advisory Panel, a proposal to accommodate the increase in funding proposals from the simplified approval process, pursuant to decision B.19/08, paragraph (c);
 - (e) Also following the review of the structure and effectiveness of the independent Technical Advisory Panel, an analysis of options to accommodate its increased workload, pursuant to decision B.19/08, paragraph (d);
 - (f) A proposal for improving the Readiness and Preparatory Support Programme based on the outcome of the conclusions of the Secretariat initial review and the independent evaluation of the Readiness and Preparatory Support Programme, pursuant to decision B.19/15;
 - (g) Modalities to support activities to enable domestic and international private sector actors to engage in GCF activities in least developed countries and small island developing States, pursuant to decision B.19/18;
 - (h) A review of committees and panels established by the Board, pursuant to decision B.20/04;
 - (i) A report on the Co-Chairs' engagement with the Chair and Vice-Chair of the Adaptation Fund Board to better understand options for collaboration with the Adaptation Fund, pursuant to decision B.20/05; and
 - (j) An analysis of options for the financial planning of the GCF commitment authority for the initial resource mobilization, pursuant to decision B.20/07.

III. Preparations for the twenty-first meeting of the Board

3.1 Consultations ahead of the twenty-first meeting of the Board

7. The Board, by decision B.20/01, paragraph (d), requested the Co-Chairs to consult with Board members and alternate members of the Board on the matters relating to the preparations for the twenty-first meeting of the Board. In response, the Co-Chairs shared a note outlining a process for Board consultations in preparation for B.21, including on the agenda and Board documents. This note then formed the basis for consultation guidelines, which were circulated to the Board.

8. As part of the consultation process proposed by the Co-Chairs, the Secretariat procured the web-based platform PleaseReview to facilitate commenting on documents by Board

members. Documents were both uploaded on the PleaseReview platform and transmitted to the Board via email, and the Board was invited to submit comments either through the platform or through email. Excluded from the consultations process were:

- (a) Documents prepared under the purview of Board committees and panels;
 - (b) Funding proposals and related documents, for which a question and answer session is carried out post-publication; and
 - (c) Accreditation proposals and related documents, for which the post-publication consultation process outlined in decision B.10/06, paragraph (p), will continue to apply
9. Information documents were also excluded from the consultation process.
10. Two rounds of consultations were held, after which the Secretariat reviewed the documents, taking into account the inputs received from the Board and in consultation with the Co-Chairs, prior to issuance of the final versions.

3.2 Engagement with the Secretariat

11. The Co-Chairs' teams held weekly conference calls with the Secretariat to coordinate on preparations for B.21. These were in addition to regular calls of the Co-Chairs and the Deputy Executive Director. The Co-Chairs and their teams also visited the Secretariat from 1 to 3 September to advance preparations for B.21.
12. The collaboration resulted in: the issuance of the first and second drafts of the provisional agenda for B.21 based on the workplan of the Board for 2018; decisions proposed for approval by the Board between meetings; Board consultations on B.21 documents for decisions; and approval to circulate documentation prepared for consideration by the Board at B.21.

3.3 Decisions proposed between meetings

13. In coordination with the Secretariat, the Co-Chairs approved decisions proposed for approval by the Board between meetings. Reference is hereby made to document GCF/B.21/XX titled "Decisions proposed between the twentieth and twenty-first meetings of the Board" (under preparation). In addition to decisions approved, the document provides an overview of comments and objections received to decisions that were not approved. In line with paragraph 43 of the Rules of Procedure, all written comments and objections received were transmitted to the Board after the no-objection period, and the items were deferred for consideration by the Board at B.21, noting that some matters may no longer be relevant for Board consideration owing to their timing.

IV. Board mandates to the Co-Chairs

14. Following B.21, the Co-Chairs carried out a stocktake of the mandates assigned by the Board to the Co-Chairs that were yet to be closed which were 17 in total. The Co-Chairs in their report to B.20 reported on the status of implementation of mandates as of 12 June 2018¹. A number of policy matters including those related to the approval of funding proposals were included on the agenda for B.20 but were not addressed, hence are again included on the agenda for B.21. In addition, in the run up to B.21, the Co-Chairs have advanced the decision-making

¹ See Section IV and Table 1 in document GCF/B.20/Inf.16 titled "Report on the Activities of the Co-Chairs"

and governance matters outlined in sections 4.1 to 4.3 below. Section 4.4 and Table 1 provide an overview of the 17 matters overall as at the publication of this document.

4.1 Decision-making in the absence of consensus

15. By decision B.12/11, the Board requested the Co-Chairs to consult with a view to presenting, for consideration by the Board, further options for decision-making in the absence of consensus no later than its fifteenth meeting. By decision B.15/02, the Board extended the mandate given to the Co-Chairs to consult.

16. The Co-Chairs requested the support of the Secretariat to prepare an options paper for consultation with the Board. This paper was transmitted to the Board via email and uploaded on the PleaseReview platform on 10 September 2018 inviting comments by 14 September.

17. In line with decisions B.12/11, paragraph (b), and B.15/02, paragraph (b), the Co-Chairs with the support of the Secretariat summarized the outcome of their consultations and have proposed a draft decision presented in document GCF/B.21/12 titled “Decision-making in the absence of consensus: Co-Chairs’ proposal” for consideration by the Board.

4.2 Decision-making without a Board meeting

18. By decision B.12/12, the Board requested the Co-Chairs to consult with a view to presenting, for consideration by the Board, matters related to the guidelines to determine in which cases decisions may be taken without a Board meeting, no later than its fifteenth meeting. By decision B.15/02, the Board extended the mandate given to the Co-Chairs to consult.

19. The Co-Chairs requested the support of the Secretariat to develop the guidelines for decision-making between Board meetings. The document was uploaded on the PleaseReview platform and transmitted to the Board via email on 7 September 2018, inviting comments by 14 September.

20. In line with decisions B.12/12, paragraph (b), and B.15/02, paragraph (b), the Co-Chairs with the support of the Secretariat summarized the outcome of their consultations and have proposed a draft decision presented in document GCF/B.21/XX titled “Guidelines on decisions without a Board meeting, including on funding proposals: outcome of Co-Chairs consultations” (under preparation).

4.3 Performance committee for Board-appointed officials and oversight of the independent units

21. By decision B.12/08, paragraph (a), the Board requested the Co-Chairs to consult with Board members and alternate Board members on the establishment of an Appointment Committee as a standing committee of the Board and to present, for consideration by Board, the outcomes of their consultations no later than the fifteenth meeting of the Board. By decision B.15/02, the Board decided to extend consultations on the mandate given to the Co-Chairs.

22. In addition, the Board, by decision B.13/16, requested the Co-Chairs to develop performance criteria and evaluation procedures [for the Heads of the independent units] for approval by the Board via a decision taken between meetings before the fourteenth meeting of the Board in accordance with decision B.10/05, paragraphs (i) and (ii). By decision B.17/12, the Board decided to adopt the performance criteria and measurement procedures for the Executive Director, and agreed to use the table therein as a template for all Board-appointed officials for their performance framework.

23. The Co-Chairs, in consultation with the Secretariat and the independent units, developed terms of reference to engage an independent Specialist Consultant to provide recommendations for:

- (a) The design of a mechanism for the oversight of the independent units;
- (b) The performance review of the Heads of the independent units, including review criteria;
- (c) The framework administrative arrangements between the independent units and the Secretariat; and
- (d) A draft Board decision considering paragraphs (a)–(b) above.

24. A committee led by two members from the Co-Chairs' teams, with the support of one member of Secretariat staff from the human resources office, and coordinated by the procurement office was put in place to review applications received (five in total) and to select the consultant. The consultant will report directly to members from the Co-Chairs' teams, who will oversee the work of the consultant.

25. As at the publication of this document, due to unforeseen events, the work is yet to commence. The intention remains to finalize this work before end of 2018 with (a) being included in the Board workplan for 2019 proposed by the Co-Chairs for Board consideration at B.22. Due to the urgency of getting this matter resolved, the Board may however wish to consider a decision in between meetings once the work is completed.

4.4 Overview of the status of implementation of Co-Chairs' mandates

26. Table 1 indicates the status of implementation of Board mandates to the Co-Chairs overall as at the publication of this document. Table 2 presents the mandates to the Co-Chairs to be addressed or moved to the 2019 Board workplan.

Table 1: Status of implementation of mandates to the Co-Chairs

	Matter	Status
1	Arrangements for the first formal replenishment process <i>Decisions B.12/09 and B.19/05</i>	Included on the agenda for B.21.
2	Establishment of an Appointment Committee as a standing Committee of the Board/ Oversight of the independent units <i>Decisions B.12/08, para. (a); and B.15/02. para. (a)</i>	Status updated provided at B.21. Earmarked for Board to take a decision at its twenty-second meeting
3	Performance criteria and evaluation procedures of the Heads of the accountability units <i>Decisions B.13/16 and B.17/12</i>	Status update provided in section 3.3 of this report. Draft decision planned to be proposed between meetings after B.21 in line with decision B.13/16
4	Incremental cost calculation methodology <i>Decision B.17/10</i>	Included on the agenda for B.21
5	Policy on the level of concessionality for the public sector <i>Decisions B.12/17 and B.17/10</i>	Included on the agenda for B.21

	Matter	Status
6	Policy on co-financing for GCF, including on co-financing with GEF, AF or MDBs <i>Decisions B.13/05, B.15/02 and B.17/10</i>	Included on the agenda for B.21
7	Trustee selection <i>Decision B.16/05, annex, para. 4(g)</i>	Included on the agenda for B.21. Matter led by the ad hoc Trustee Selection Committee
8	Project and programme eligibility criteria <i>Decision B.17/10, para. (b)</i>	Included on the agenda for B.21. Presented as an information document by the Secretariat
9	Update of the Board workplan for 2018 <i>Decision B.18/01, para. (b)</i>	Overview of implementation of the 2018 Board workplan included in this report. Co-Chairs have proposed a Board workplan for 2019 for consideration by the Board
10	Guidance on the approach and scope for providing support to adaptation activities <i>Decision B.17/10</i>	Included on the agenda for B.21. Presented as an information document by the Secretariat
11	Policy guidelines for programmatic approach <i>Decision B.14/07 and B.15/02</i>	Included on the agenda for B.21.
12	Decision-making in the absence of consensus <i>Decisions B.01-13/01, B.08/14, B.12/11 and B.15/02</i>	Included on the agenda for B.21. Co-Chairs have recommended a draft decision to the Board (see section 3.1)
13	Decision-making without Board meetings, including further options for decision-making on funding proposals <i>Decisions B.12/12 and B.15/02</i> <i>Decisions B.17/09 and B.18/06</i>	Included on the agenda for B.21. Co-Chairs have recommended a draft decision to the Board (see section 3.2)

Abbreviations: B.21 = twenty-first meeting of the Board, GEF = Global Environment Facility, AF = Adaptation Fund, MDBs = multinational development banks.

Table 2: Mandates to the Co-Chairs to be addressed or moved to the 2019 Board workplan

	Matter	Status
1	Privileges and immunities for GCF <i>Decision B.19/02, para. (d)</i>	Included in workplan of the Board for 2019
2	Travel policy for GCF <i>Decision B.12/13 and B.15/02</i>	Included in workplan of the Board for 2019
3	Communications strategy <i>Decisions B.04/14, B.13/25 and B.17/01</i>	Included in workplan of the Board for 2019
4	Annual meeting to enhance cooperation and coherence of engagement between GCF and UNFCCC thematic bodies	Second annual meetings to be convened during COP 24. This event may also be used to advance the work on possible

	Matter	Status
	<i>Decision B.13/11</i>	collaboration between the GCF and the Adaptation Fund

Abbreviation: UNFCCC = United Nations Framework Convention on Climate Change.

V. Engagement with the Adaptation Fund

27. The Co-Chairs, in accordance with decision B.20/05, paragraph (f), engaged with the Chair and Vice-Chair of the Adaptation Fund Board to better understand options for collaboration with the Adaptation Fund. With the support of the Secretariats of the GCF and the Adaptation Fund, a range of possible options for collaboration, including scenarios involving a financial transfer from GCF resources to the Adaptation Fund, as well as options for collaboration not involving a financial transfer were presented.

28. The Co-Chairs agreed to continue conversations and tasked the secretariats of the two funds to assess various options presented and their respective operational, administrative, fiduciary and legal implications. Among those options and without prejudging future discussions by respective Boards were 1) management of a funding envelope, 2) provision of technical assistance/readiness-type assistance, and 3) extended cooperation between the two secretariats. The discussions and further analysis will serve as input to the Secretariat in response to decision B.20/05, paragraph (e), where the Secretariat was requested, inter alia, to include proposals for consideration by the Board on areas where further fund-to-fund arrangements are possible to improve efficiency, effectiveness and simplicity, and to enhance the alignment of portfolios with other climate funds for consideration by the Board in 2019.