



**GREEN
CLIMATE
FUND**

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Report on the activities of the Co-Chairs – Addendum II

Guidance from the twenty-fourth session of the Conference of the Parties

Summary

This document presents the actions to be undertaken by the Board in 2019 in response to guidance received from the Parties during the twenty-fourth session of the Conference of the Parties.

I. Introduction

1. In accordance with the Governing Instrument for the GCF, the Conference of the Parties (COP) provides annual guidance to the Board, and the Board takes appropriate actions in response to this guidance and reports back to the COP on how it has addressed the guidance received, through its annual report to the COP.
2. This document provides information on how the Co-Chairs propose the Board address the guidance received from COP 24, including through the Board work plan for 2019 and proposed additional actions resulting from COP 24, as well other decisions adopted by COP 24 with elements requiring action by the GCF.
3. The draft decision in the annex provides decisions that further outline the Board's intended actions to address matters emerging from COP 24.

II. Outcomes of COP24 with implications for GCF as an operating entity of the financial mechanism

4. Table 1 contains a proposal from the Co-Chairs in relation to guidance received from the twenty-fourth session of the Conference of the Parties (COP 24) to the United Nations Framework Convention on Climate Change (UNFCCC) to the GCF, as contained in UNFCCC decision -/CP.24¹ titled "Report of the Green Climate Fund to the Conference of the Parties and guidance to the Green Climate Fund".
5. The COP welcomed the progress of the GCF in 2018, including funding milestones, strengthened institutional capacity, the decision on the GCF performance review, implementation of the Simplified Approval Process (SAP) and the first annual report on complementarity and coherence. The full decision containing the guidance from COP 24 is contained in annex II.
6. COP 24 concluded the Paris Agreement work programme, as contained in Draft decisions 1/CP.24 titled "Preparations for the implementation of the Paris Agreement and the first session of the Conference of the Parties serving as the meeting of the Parties to the Paris Agreement" and 3/CMA.1 titled "Matters related to the Paris Agreement".
7. In decision 3/CMA.1 paragraphs 6 the CMA confirms that the Standing Committee on Finance (SCF) will serve the Paris Agreement. In paragraph 8 of the same decision the CMA requests the SCF to prepare draft guidance for the operating entities of the Financial Mechanism for its consideration and adoption at its second session. The CMA also confirmed, in paragraph 9 of the decision, that it will provide guidance related to the Paris Agreement to the operating entities of the Financial mechanism on policies, programme priorities and eligibility criteria.² The guidance will be forwarded to GCF by the COP.
8. Decisions from the Paris Agreement Work Programme requiring action from the GCF (constituting the first guidance of the CMA to the GCF) have been listed in table 2:
 - (a) Further guidance in relation to the mitigation section of decision 1/CP.21;

¹ Decision numbers will be assigned in the forthcoming report of the session.

² At its 13th meeting the Board reiterated decision B.12/20, that it will "regularly update the core operational priorities of the GCF as defined in the strategic plan and Secretariat work programmes, as appropriate, taking into account evolving priorities, including, inter alia, guidance from the Conference of the Parties to the United Nations Framework Convention on Climate Change and/or **guidance from the Conference of the Parties serving as the meeting of the Parties to the Paris Agreement** once the Paris Agreement enters into force, and relevant reports from the independent Evaluation Unit."

- (b) Matters referred to in paragraphs 41, 42 and 45 of decision 1/CP.21; and
 - (c) Adaptation Communications.
9. Additionally, the following decisions adopted by the COP contain elements relevant to the GCF, and those requiring action from the GCF have been listed in table 3:
- (a) Enhancing climate technology development and transfer through the Technology Mechanism (UNFCCC decision -/CP.24); and
 - (b) Linkages between the Technology Mechanism and the Financial Mechanism of the Convention (UNFCCC decision -/CP.24).

Table 1: Summary of guidance received from the twenty-fourth session of the Conference of the Parties and proposals on how it will be addressed by the Board

Relevant Guidance	2019 Work Plan and proposed additional actions
Report of the Green Climate Fund to the Conference of the Parties and guidance to the Green Climate Fund	
<p>Urges the Board to address remaining policy gaps, including on, as specified in the Fund's Governing Instrument and its rules of procedure:</p> <ul style="list-style-type: none"> • The approval of funding proposals, including project and programme eligibility and selection criteria, incremental costs, co-financing, concessionality, programmatic approach, restructuring and cancellation; • Prohibited practices as well as the implementation of the anti-money-laundering and countering the financing of terrorism policy; • Review of the accreditation framework; Pursuing privileges and immunities for the Green Climate Fund; • Consideration of alternative policy approaches, such as joint mitigation and adaptation approaches for the integral and sustainable management of forests; • The requests for proposals to support climate technology incubators and accelerators, in accordance with Board decision B.18/03. <p>(UNFCCC decision -/CP.24, para. 3)¹</p>	<ul style="list-style-type: none"> • Board to consider how RFPs are used by GCF as a programming tool more broadly as part of the update to the Strategic Plan for the Fund, strategic programming, review of modalities of Private Sector Facility and the review of the initial investment framework. • Board to consider how to support climate technology incubators and accelerators in 2019 in the context of the consideration of the update to the Strategic Plan for the Fund. • Board to consider integration of policies relating to prohibited practices, anti-money laundering and countering the financing of terrorism in the interim fiduciary standards in 2019. • Alternative policy approaches for the integral and sustainable management of forests will be considered in 2019 in the context of the consideration of the update to the Strategic Plan for the Fund. • Board to consider in 2019 a proposal regarding privileges and immunities, requested pursuant to decision B.19/02, paragraph (d). • Board to consider policies relating to including project and programme eligibility and selection criteria, incremental costs, co-financing, concessionality, programmatic approach, restructuring and cancellation in 2019.
<p>Further welcomes the report on the implementation of the 2018 workplan and the approval of the 2019 workplan of the Board, and urges the Board to continue its consideration of procedures for adopting decisions in the event that all efforts at reaching consensus</p>	<ul style="list-style-type: none"> • Board to consider, in 2019, Co-Chairs proposal for further consultation on decision-making in the event that all efforts at reaching consensus have been exhausted.

¹ Decision numbers will be assigned in the forthcoming report of the session

<p>have been exhausted, as specified in the Fund’s Governing Instrument; (UNFCCC decision -/CP.24, para. 4)</p>	
<p>Welcomes the launching of the first formal replenishment process and the Board’s decisions on the inputs and processes related to the Fund’s replenishment, which take into account the needs of developing countries; (UNFCCC decision -/CP.24, para. 5)</p>	<ul style="list-style-type: none"> • Board adopted decision B.21/18 on the arrangements for the first formal replenishment of the GCF. • As per decision B.21/18 “A strategic programming document outlining scenarios for the Green Climate Fund’s replenishment guided by ambitious mitigation and adaptation scenarios based on the Green Climate Fund’s implementation potential, taking into account the needs of developing countries, including actions based on nationally determined contributions, national adaptation plans, country programmes and other sources” is to be considered by the Board (B.22) and the replenishment process. • Board to consider and endorse the outcomes of the replenishment process in order to allow for a conclusion of the replenishment with a final pledging conference to be held prior to COP 25.
<p>Stresses the urgency to reach pledges for the first formal replenishment process aiming to conclude the process in October 2019; (UNFCCC decision -/CP.24, para. 6)</p>	<ul style="list-style-type: none"> • Board to consider and endorse the outcomes of the replenishment process in order to allow for a conclusion of the replenishment with a final pledging conference to be held prior to COP 25. • In decision B.21/18 the Board stressed “the urgency to reach pledges for replenishment, aiming to conclude the process in October 2019, recognizing that further pledges may be received during the replenishment period”. • The initial organizational meeting on replenishment (November 2018) agreed for a pledging conference to be held in the period from mid to end October 2019.
<p>Takes note of the independent evaluations of the readiness and preparatory support programme and encourages the Board to address the recommendations contained therein, in accordance with paragraph 59 of the Governing Instrument, with a view to improving access to the Green Climate Fund and increasing the Fund’s efforts to support country ownership and country programming; (UNFCCC decision -/CP.24, para. 7)</p>	<ul style="list-style-type: none"> • Board to consider a proposal for improving the Readiness Programme based on the outcome of the conclusions of the Secretariat’s initial review and of the independent evaluation of the Readiness Programme in 2019.

<p>Reaffirms the necessity to focus on implementation and to speed up disbursement of funds to already approved projects as a key element of the Green Climate Fund’s operations in line with agreed disbursement schedules; (UNFCCC decision -/CP.24, para. 8)</p>	<ul style="list-style-type: none"> • Secretariat to continue to advance the signature of legal agreements and strengthening secretariat staff capacity to cope with the need to speed up disbursement.
<p>Also requests the Board to include in its annual report to the Conference of the Parties information on the steps that it has taken to implement the guidance provided in this decision; (UNFCCC decision -/CP.24, para. 11)</p>	<ul style="list-style-type: none"> • Board to consider including in its annual report to the Conference of the Parties information on the steps that it has taken to implement the guidance provided in this decision at B.23

Table 2: Summary of relevant COP24 Paris Agreement Work Programme (PAWP) outcomes with implications for GCF as an operating entity of the financial mechanism and proposals on how they will be addressed by the Board

PAWP	2019 Work Plan and proposed additional actions
Further guidance in relation to the mitigation section of decision 1/CP.21	
<p>Encourages the relevant operating entities of the Financial Mechanism and constituted bodies under the Convention serving the Paris Agreement to continue to provide, within their mandates, support for capacity-building as referred to in paragraph 1¹ (UNFCCC decision -/CMA.1, para. 2)</p>	<ul style="list-style-type: none"> • Board to consider including in its annual report to the Conference of the Parties, information on steps that the Fund has taken to provide support to developing countries to prepare and implement, in a country driven manner, plans, programmes and strategies reflecting national priorities, including those relating to NDCs.
Matters referred to in paragraphs 41, 42 and 45 of decision 1/CP.21 (adequacy of adaptation action and support)	
<p>Encourages institutional arrangements related to finance, technology development and transfer and capacity-building², in line with their mandates, to strive for a balance between adaptation and mitigation, while respecting a country-driven approach</p>	<ul style="list-style-type: none"> • Board to continue to include in its annual report to the Conference of the Parties, information on its funding portfolio including the proportion of mitigation and adaptation projects in the portfolio and the steps that the Fund has taken to achieve

¹ Reaffirms and underscores that, in accordance with Article 4, paragraph 5, of the Paris Agreement, support shall be provided to developing country Parties for the implementation of Article 4 of the Paris Agreement, including to continue to enhance the capacity of developing country Parties in preparing, communicating and accounting for their nationally determined contributions;

² The institutional arrangements on finance include the operating entities of the Financial Mechanism of the Convention and the Paris Agreement.

(UNFCCC decision -/CMA.1, para. 3)	balance between mitigation and adaptation, in accordance with the GCF Governing Instrument and the priorities of countries.
Invites the operating entities of the Financial Mechanism, in line with their mandates, to seek to ensure that the provision of financial support to developing country Parties is balanced between adaptation and mitigation activities (UNFCCC decision -/CMA.1, para. 28)	
Adaptation Communications	
Encourages the Green Climate Fund, the Global Environment Facility, the Adaptation Fund, the Climate Technology Centre and Network and the Paris Committee on Capacity Building, in line with their existing mandates and governing instruments, to continue channeling support to developing country Parties for the implementation of their adaptation plans and actions in accordance with the priorities and needs outlined in their adaptation communication (UNFCCC decision -/CMA.1, para 21)	<ul style="list-style-type: none"> Board to continue to include in its annual report to the Conference of the Parties, information on steps that the Fund has taken to provide support to developing countries to prepare their national adaptation plans (NAPs) and other adaptation planning processes, and to implement actions arising from them. This includes support provided through country programming, Readiness and Preparatory Support, including NAP Support, projects and programmes.

Table 3: Summary of relevant COP24 decisions with implications for GCF as an operating entity of the financial mechanism and how proposals on how they will be addressed by the Board

Area of work	2019 Work Plan and proposed additional actions
Technology	
Linkages between the Technology Mechanism and the Financial Mechanism of the Convention.	
Invites the Climate Technology Centre and Network and the Green Climate Fund to continue enhancing collaboration, wherein the services and expertise of the Climate Technology Centre and Network can be used to strengthen proposals seeking support under the Readiness and Preparatory Support Programme of the Fund, noting the need for such engagement in supporting developing country Parties in building their capacity for undertaking technology projects and programmes;	<ul style="list-style-type: none"> Secretariat to continue to collaborate with the Climate Technology Centre and Network (CTCN) in accordance with Board decision B.18/03, paragraph (d). Board to continue to include in its report to the Conference of the Parties information on projects approved by the Board that support the innovation and/or scaling up of climate technologies in accordance with Board decision B.19/02 paragraph (c).

Area of work	2019 Work Plan and proposed additional actions
(UNFCCC Decision -/CP.24, para. 4)	
Enhancing climate technology development and transfer through the Technology Mechanism	
<p>Notes with appreciation the enhanced engagement and collaboration of the Technology Executive Committee, the Climate Technology Centre and Network and the Green Climate Fund on innovation and collaborative research, development and demonstration, including the promotion of climate technology incubators and accelerators, and encourages their continued and enhanced collaboration;</p> <p>(Decision -/CP.24, para 5)</p>	<ul style="list-style-type: none"> • Secretariat to continue to collaborate with the CTCN and Technology Executive Committee (TEC) in accordance with Board decision B.18/03. • Board to continue to include in its report to the Conference of the Parties information on projects approved by the Board that support the innovation and/or scaling up of climate technologies in accordance with Board decision B.19/02 paragraph (c).
<p>Also encourages the enhanced engagement of the Climate Technology Centre and Network with the Green Climate Fund, including through the strengthening of the collaboration between national designated authorities for the Green Climate Fund and national designated entities for technology development and transfer;</p> <p>(Decision -/CP.24, para 13)</p>	<ul style="list-style-type: none"> • Secretariat to continue to collaborate with the CTCN in order to support enhanced coordination between NDAs and NDEs to the Technology Mechanism.

Annex I: Guidance of the Conference of the Parties at its 24th session to the Green Climate Fund

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Decision -/CP.24

Report of the Green Climate Fund to the Conference of the Parties and guidance to the Green Climate Fund

The Conference of the Parties,

Noting the draft guidance to the Green Climate Fund prepared by the Standing Committee on Finance,¹

Recalling decision 10/CP.22, paragraph 5,

1. *Welcomes* the report of the Green Climate Fund to the Conference of the Parties at its twenty-fourth session and its addendum,² including the list of actions taken by the Board of the Green Climate Fund (hereinafter referred to as the Board) in response to guidance received from the Conference of the Parties;
2. *Also welcomes* the progress of the Green Climate Fund in 2018, including:
 - (a) That funding approved by the Board has reached USD 5.5 billion, including USD 4.6 billion in loans, grants, equities and guarantees in the past three years for the implementation of 93 funding proposals for adaptation and mitigation in 96 developing countries;
 - (b) The work to strengthen the Green Climate Fund's institutional capacity, standards and safeguards, transparency, inclusiveness, pipeline and role within the climate finance landscape;
 - (c) The decision of the Board³ to initiate a review of the performance of the Green Climate Fund to assess the progress of the Fund in delivering on its mandate as set out in its Governing Instrument;
 - (d) The decision of the Board⁴ concerning the selection process for the appointment of the Executive Director of the Green Climate Fund secretariat;
 - (e) The decision of the Board to select and appoint the International Bank for Reconstruction and Development as the trustee of the Green Climate Fund;
 - (f) Efforts made to improve access to the Green Climate Fund through the structured dialogues and the Readiness and Preparatory Support Programme;
 - (g) The increase in the number of entities accredited by the Board, including direct access entities;
 - (h) The implementation of the simplified approvals process, including the approval of four projects worth USD 30.1 million in Green Climate Fund funding to date;
 - (i) The collaboration in 2018 between the Green Climate Fund and the Technology Executive Committee and the Climate Technology Centre and Network;



¹ FCCC/CP/2018/8, annex IV.

² FCCC/CP/2018/5 and Add.1.

³ Green Climate Fund Board decision B.21/17.

⁴ Green Climate Fund Board decision B.21/06.

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- (j) The decision of the Board⁵ on financial planning in 2019 and the allocation of up to USD 600 million to fund projects submitted in response to requests for proposals and pilot programmes, including the requests for “proposals on REDD-plus results-based payments”, mobilizing funds at scale, micro, small and medium-sized enterprises, enhanced direct access and the simplified approvals process;
- (k) The first annual report on complementarity and coherence with the Green Climate Fund and other climate finance channels;
3. *Further welcomes* the report on the implementation of the 2018 workplan and the approval of the 2019 workplan of the Board, and *urges* the Board to address remaining policy gaps, including on, as specified in the Fund’s Governing Instrument and its rules of procedure:
- (a) Policies relating to:
- (i) The approval of funding proposals, including project and programme eligibility and selection criteria, incremental costs, co-financing, concessionality, programmatic approach, restructuring and cancellation;
- (ii) Prohibited practices as well as the implementation of the anti-money-laundering and countering the financing of terrorism policy;
- (b) Review of the accreditation framework;
- (c) Pursuing privileges and immunities for the Green Climate Fund;
- (d) Consideration of alternative policy approaches, such as joint mitigation and adaptation approaches for the integral and sustainable management of forests;⁶
- (e) The requests for proposals to support climate technology incubators and accelerators, in accordance with Board decision B.18/03;
4. *Urges* the Board to continue its consideration of procedures for adopting decisions in the event that all efforts at reaching consensus have been exhausted, as specified in the Fund’s Governing Instrument;
5. *Welcomes* the launching of the first formal replenishment process and the Board’s decisions on the inputs and processes related to the Fund’s replenishment,⁷ which take into account the needs of developing countries;
6. *Stresses* the urgency to reach pledges for the first formal replenishment process aiming to conclude the process in October 2019;
7. *Takes note* of the independent evaluations of the readiness and preparatory support programme and encourages the Board to address the recommendations contained therein, in accordance with paragraph 59 of the Governing Instrument, with a view to improving access to the Green Climate Fund and increasing the Fund’s efforts to support country ownership and country programming;
8. *Reaffirms* the necessity to focus on implementation and to speed up disbursement of funds to already approved projects as a key element of the Green Climate Fund’s operations in line with agreed disbursement schedules;
9. *Invites* Parties to submit to the secretariat via the submission portal,⁸ no later than 10 weeks prior to the twenty-fifth session of the Conference of the Parties (November 2019),

⁵ Green Climate Fund Board decision B.21/14.

⁶ Decision 16/CP.21, paragraph 6, and decision 7/CP.21, paragraph 25.

⁷ Green Climate Fund Board decision B.21/18.

⁸ https://unfccc.int/submissions_and_statements.

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their views and recommendations on elements to be taken into account in developing guidance for the Board;

10. *Requests* the Standing Committee on Finance to take into consideration the submissions referred to in paragraph 9 above when preparing its draft guidance for the Board for consideration by the Conference of the Parties;
11. *Also requests* the Board to include in its annual report to the Conference of the Parties information on the steps that it has taken to implement the guidance provided in this decision;
12. *Decides*, in accordance with decision 1/CP.21, paragraph 61, to transmit to the Green Climate Fund the guidance from the Conference of the Parties serving as the meeting of the Parties to the Paris Agreement contained in the decisions referred to in decision 3/CMA.1,⁹ paragraph 4.

⁹ Decision adopted under agenda item 3 of the Conference of the Parties serving as the meeting of the Parties to the Paris Agreement at the third part of its first session.