Decisions of the Board – eighteenth meeting of the Board, 30 September – 2 October 2017

Meeting of the Board
30 September – 2 October
Cairo, Arab Republic of Egypt
Provisional agenda item 27

GCF/B.18/23
2 November 2017
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Annex XVI: Work programme of the Secretariat for 2018 and administrative budget
Agenda item 1: Opening of the meeting  
1. The Co-Chairs opened the meeting on Saturday, 30 September 2017 at 9 a.m.

Agenda item 2: Adoption of the agenda and organization of work  
2. The Board adopted the agenda as set forth in document GCF/B.18/01/Drf.02 titled “Provisional agenda”:
   1. Opening of the meeting  
   2. Adoption of the agenda and organization of work  
   3. Adoption of the report of the seventeenth meeting of the Board  
   4. Decisions proposed and approved between the seventeenth and eighteenth meetings of the Board  
   5. Report on the activities of the Co-Chairs  
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18. Policies related to prohibited practices, anti-money laundering and countering the financing of terrorism
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21. Work programme of the Secretariat for 2018 and administrative budget
22. Work programmes and budgets of the Independent Units for 2018
23. Dates and venues of the meetings of the Board in 2018
24. Elections of Co-Chairs
25. Other matters
   (a) Other matters from the seventeenth meeting of the Board
26. Report of the meeting
27. Close of the meeting

Agenda item 3: Adoption of the report of the seventeenth meeting of the Board

28. The Co-Chairs drew the attention of the Board to the report of the seventeenth meeting of the Board as circulated to the Board (document GCF/B.17/22 (general distribution) and its addenda Add.01 (limited distribution) and Add.02 titled "Report of the seventeenth meeting of the Board, 5-6 July 2017").

Agenda item 4: Decisions proposed and approved between the seventeenth and eighteenth meetings of the Board

29. The Board took note of document GCF/B.18/Inf.07 titled "Decisions proposed and approved between the seventeenth and eighteenth meetings of the Board".

Agenda item 5: Report on the activities of the Co-Chairs

30. The Board took note of document GCF/B.18/22 titled "Report on the activities of the Co-Chairs".

Agenda item 6: Report on the activities of the Secretariat

31. The Board took note of document GCF/B.18/Inf.04 and its addendum Add.01 titled "Report on the activities of the Secretariat".

Agenda item 7: Reports from committees, panels and groups

32. The Board took note of document GCF/B.18/Inf.02 and its addenda Add.01, Add.02 and Add.03 titled "Reports from committees, panels and groups of the Board of the Green Climate Fund".
Agenda item 8: Reports from the Independent Units


Agenda item 9: Workplan of the Board for 2018

The Board took note of document GCF/B.18/21/Rev.01 titled “Work Plan of the Board for 2018: Proposal by the Co-Chairs”.

The Board adopted the following decision:

DECISION B.18/01

The Board, having considered document GCF/B.18/21/Rev.01 titled “Work Plan of the Board for 2018: Proposal by the Co-Chairs”:

(a) Approves the work plan of the Board for 2018, as set out in annex I;
(b) Requests the Co-Chairs to update the work plan following each meeting of the Board;
(c) Reaffirms paragraph 18 of the Rules of Procedure that states the provisional agenda of each meeting of the Board shall be prepared by the Secretariat and distributed, with the approval of the Co-Chairs, at least 30 calendar days before the meeting of the Board in accordance with paragraph 18 of the Rules of Procedure;
(d) Reaffirms paragraph 21 of the Rules of Procedure that states the Secretariat will transmit to Board members and alternate members the documentation relating to items on the provisional agenda at least 21 calendar days before the first day of the meeting scheduled, except in case of extraordinary meetings and in exceptional circumstances where, in the view of the Co-Chairs, a shorter period for the transmission of documentation is warranted;
(e) Invites the Co-Chairs, in the case of exceptional circumstances which warrant periods less than 21 days for the transmission of documentation, to provide a timetable with the date by which the said documentation will be transmitted;
(f) Requests the Executive Director of the Secretariat to take all necessary measures to ensure the timely preparation of documents to allow for the circulation of such documents as per the timelines identified in the Rules of Procedure as per paragraphs (c) and (d) above;
(g) Decides that formal meetings of the Board will continue to be webcast live until the end of 2019;
(h) Decides to consider the establishment of the Independent Appeals Panel requested pursuant to decision B.12/35, annex XXIX, paragraph 28, between the eighteenth and nineteenth meetings of the Board; and
(i) Decides to consider the terms of reference for the independent evaluation of the Readiness and Preparatory Support Programme between the eighteenth and nineteenth meetings of the Board.

Agenda item 10: Guidance from the Conference of the Parties

(a) Actions to be taken by the Board to facilitate an increase in proposals from direct access entities in the pipeline
36. The Board adopted the following decision:

**DECISION B.18/02**

The Board, having taken note of the document GCF/B.16/Inf.08 titled “Facilitating an increase in proposals from direct access entities”:

(a) Takes note of the information related to support provided to direct access entities in connection with funding proposals set out in the Secretariat’s regular reporting to the Board, in particular document GCF/B.18/Inf.04 titled “Report on the activities of the Secretariat”, document GCF/B.18/07 titled “Readiness and Preparatory Support Programme: progress report”, document GCF/B.18/09 titled “Consideration of Accreditation Proposals” and document GCF/B.18/Inf.03 titled “Status of the GCF portfolio: pipeline and approved projects”;

(b) Requests the Secretariat to include the information described in annex II in its regular reporting to the Board on the status of the GCF portfolio: pipeline and approved projects;

(c) Also requests the Secretariat to include the information described in annex II in annual reports of the Green Climate Fund to the Conference of the Parties and any related addenda, including the addendum to the Sixth Report of the Green Climate Fund to the Conference of the Parties to be prepared and submitted to the twenty-third session of the Conference of the Parties;

(d) Further requests the Secretariat to prepare for the Board’s consideration at its twentieth meeting a report on the analysis of the challenges, barriers, gaps and recommendations to achieve an increase in the amount of direct access proposals in the pipeline, taking into account the views of Board members and alternate Board members, national designated authorities/focal points and direct access accredited entities, and the initial review by the Secretariat of the Readiness and Preparatory Support Programme as requested in decision B.18/09;

(e) Requests the Secretariat, with a view to increase the amount of direct access proposals in the pipeline and in accordance with decisions B.18/11 and B.18/12 regarding the structure and staffing of the Secretariat and the work programme of the Secretariat for 2018 and administrative budget, to enhance its capacity to:

   (i) Strengthen and actively support direct access accredited entities, in consultation with national designated authorities/focal points, as appropriate, in the development of concept notes and funding proposals, consistent with the objectives, guiding principles and procedures of the GCF; and

   (ii) Consider and provide feedback in a timely manner on concept notes and funding proposals received from direct access accredited entities or national designated authorities/focal points; and

(f) Also requests the Secretariat to actively communicate the support available through the GCF to direct access entities and to provide relevant information on how direct access entities can access such support.

(b) **Options for GCF support for collaborative research and development in developing countries**

37. The Board took note of document GCF/B.18/12 and its addendum Add.01 titled “Options for support for technology collaborative research and development”.

38. The Board adopted the following decision:
DECISION B.18/03

The Board, in line with paragraph 38 of the Governing Instrument for the GCF and in response to guidance from Conference of the Parties, having considered document GCF/B.18/12, titled "Options for support for technology collaborative research and development":

(a) Takes note of the options outlined in document GCF/B.18/12 for the GCF to support collaborative research, development and demonstration, in respect of the following approaches:
   (i) Climate technology innovation systems; and
   (ii) Targeted climate technology research, development and demonstration support;

(b) Encourages national designated authorities/focal points to collaborate with readiness delivery partners and accredited entities to submit readiness requests, concept notes, funding proposals and Project Preparation Facility proposals supporting technology collaborative research and development;

(c) Requests the Secretariat to develop for consideration by the Board at its twentieth meeting the terms of reference for a request for proposals to support climate technology incubators and accelerators;

(d) Also requests the Secretariat to continue collaborating with the Technology Executive Committee of the UNFCCC and the Climate Technology Centre and Network, including in the implementation of this decision, to enable support for technology development and transfer for facilitating access to environmentally sound technologies and for collaborative research and development for developing countries; and

(e) Further requests the Secretariat to continue to consider complementarity and coherence with other related technology initiatives and activities, including technology needs assessments and technology action plans, and to report accordingly in the context of the Operational Framework on Complementarity and Coherence adopted in decision B.17/04.

Agenda item 11: Matters related to accreditation

(a) Matters related to the accreditation framework and policy gaps: Co-Chairs’ proposal

39. The Board took note of document GCF/B.18/15 titled "Matters related to the accreditation framework and policy gaps: Co-Chairs’ proposal”.

40. The Board adopted the following decision:

DECISION B.18/04

The Board, having considered document GCF/B.18/15 titled "Matters related to the accreditation framework and policy gaps: Co-Chairs’ proposal”:

(a) Decides to commence the review of the accreditation framework;

(b) Requests the Secretariat to present a proposal for the revision of the accreditation framework that includes other modalities for institutions to work with the GCF, as early as the nineteenth meeting of the Board; and

(c) Decides to extend the prioritization of entities applying for accreditation in accordance with decision B.14/08, paragraph (d)(i), until the end of the nineteenth meeting of the Board.
(b) Status of accreditation master agreements

41. The Board took note of the limited distribution document GCF/B.18/Inf.01 titled “Status of accreditation master agreements and funded activity agreements”.

(c) Consideration of accreditation proposals

42. The Board took note of document GCF/B.18/09 and its limited distribution addenda Add.01, Add.02, Add.03 and Add.04 titled “Consideration of accreditation proposals”.

43. The Board adopted the following decision:

**DECISION B.18/05**

The Board, having considered document GCF/B.18/09 titled “Consideration of accreditation proposals”:

(a) Takes note with appreciation of the assessments conducted by the Secretariat and the Accreditation Panel contained within the relevant annexes for the following applicants:

(i) Applicant 056 (APL056) is the China Clean Development Mechanism Fund Management Center (China CDM Fund Management Center) based in China, as contained in annex III;

(ii) Applicant 057 (APL057) is the Department of Environment (DOE) of Antigua and Barbuda, as contained in annex IV;

(iii) Applicant 058 (APL058) is the Fiji Development Bank (FDB), based in Fiji, as contained in annex V;

(iv) Applicant 059 (APL059) is the Palli Karma-Sahayak Foundation (PKSF), based in Bangladesh, as contained in annex VI; and

(v) Applicant 060 (APL060) is the Sahara and Sahel Observatory (OSS), based in Tunisia, as contained in annex VII;

(b) Accredits applicants APL056, APL057, APL058, APL059 and APL060, pursuant to paragraph 45 of the Governing Instrument for the GCF, and subject to, and in accordance with, the assessments by the Accreditation Panel contained in the relevant annexes for each of the applicants;

(c) Takes note with appreciation of the assessment conducted by the Secretariat and the Accreditation Panel contained within the relevant annex for the following applicants seeking to upgrade its accreditation type:

(i) Acumen Fund, Inc. (Acumen), based in the United States of America, as contained in annex VIII;

(d) Agrees to upgrade the accreditation type of Acumen Fund, Inc. as contained in decision B.09/07, paragraph (b), subject to, and in accordance with, the assessment by the Accreditation Panel contained in annex VIII;

(e) Takes note that, pursuant to decision B.08/03, paragraph (k), the Secretariat, in consultation with the Accreditation Panel, is proposing that the eligibility to apply under the fast-track accreditation process be extended to those entities listed in annex IX; and

(f) Decides that those entities referred to in annex XI are also eligible to apply under the fast-track accreditation process for the standards of the GCF in accordance with decision B.08/03, paragraph (f), for entities accredited by the Adaptation Fund, and decision
B.08/03, paragraph (g), for entities under the Directorate-General for International Cooperation and Development.

**Agenda item 12: Risk management framework**

44. The Board took note of document GCF/B.18/05 titled “GCF risk management framework: Proposal by the Risk Management Committee”.

45. No decision was taken under this agenda item.

**Agenda item 13: Review of the structure and effectiveness of the independent Technical Advisory Panel**

46. The Board took note of document GCF/B.18/Inf.11 titled “Review of the structure and effectiveness of the independent Technical Advisory Panel”.

**Agenda item 14: Policy matters related to the approval of funding proposals**

(a) **Simplified approval process for certain small-scale activities**

47. The Board took note of document GCF/B.18/17 titled “Operationalizing the simplified approval process for certain activities, including small-scale activities”.

48. The Board adopted the following decision:

**DECISION B.18/06**

The Board, having considered document GCF/B.18/17 titled “Operationalizing the simplified approval process for certain activities, in particular small-scale activities”:

(a) **Approves** the Simplified Approval Process Pilot Scheme (Pilot Scheme), as set out in annex X;

(b) **Decides** that the Pilot Scheme shall be reviewed two years from its operationalization, or when the aggregate amount of approvals under the Pilot Scheme reaches USD 80 million of GCF financing, whichever is earlier; this review will be completed within three months from its commencement; and

(c) **Requests** the Secretariat to:

(i) Operationalize such Pilot Scheme as expeditiously as possible and notify to the Board the date of its operationalization;

(ii) Develop a proposal for approving funding proposals brought forward under this Pilot Scheme between meetings of the Board in the context of the ongoing work to develop further options for decision-making; and

(iii) Report back to the Board upon completion of the review specified in paragraph (b) above, with recommendations based on the outcome of such review to further improve the efficiency and effectiveness of the process, and to consider expanding the type of eligible activities and increasing GCF funding.
(b) Request for proposals for REDD-plus results-based payments

49. The Board took note of document GCF/B.18/06 titled “Request for proposals for the pilot programme for REDD-plus results-based payments”.

50. The Board adopted the following decision:

DECISION B.18/07

The Board, having considered document GCF/B.18/06 titled “Request for proposals for the pilot programme for REDD-plus results-based payments”:

(a) Takes note of the progress made in finalizing the draft request for proposals for the REDD-plus results-based payments pilot programme, as mandated in decision B.17/18, in the form set out in annex XI;

(b) Decides to set, for the REDD-plus results-based payments pilot programme only, the valuation of results at USD 5 per tonne of verified emission reductions of carbon dioxide equivalent (t CO₂ eq);

(c) Decides to allocate up to USD 500 million to the request for proposals for the pilot programme for REDD-plus results-based payments;

(d) Decides to adopt the request for proposals for the pilot programme for REDD-plus results-based payments as set out in annex XI and the corresponding scorecard provided in annex XII;

(e) Requests the Secretariat to develop all corresponding templates and guidance for national designated authorities and accredited entities for applying to the request for proposals no later than two months after its adoption by the Board;

(f) Requests the Secretariat to conduct an analysis of the experience with, and the progress made towards achieving the objectives of the pilot programme for REDD-plus results-based payments for its consideration no later than at its last meeting of 2019.

(c) Interim restructuring and cancellation policy

51. The Board took note of document GCF/B.18/11 titled “Interim policy on cancellation and restructuring”.

52. No decision was taken under this agenda item.

(d) Status of the GCF pipeline and portfolio

53. The Board took note of document GCF/B.18/Inf.03 and its limited distribution addenda Add.01 and Add.02 titled “Status of the GCF portfolio: pipeline and approved projects”.

(e) Status of fulfilment of conditions on relevant approved projects

54. The Board took note of document GCF/B.18/08 titled “Report on post-approval status of approved funding proposals.”

(f) Consideration of funding proposals

55. The Board took note of document GCF/B.18/04/Rev.01 titled “Consideration of funding proposals” and its addenda Add.01 – 09, Add.10/Rev.01, Add.11 – 13, Add.14/Rev.01 – 16/Rev.01, Add.20/Rev.01, Add.21/Rev.01, Add.24/Rev.01 and Add.25/Rev.01 (general
distribution); Add.17, Add.18/Rev.01 and Add.19/Rev.01 (confidential); and Add.22/Rev.01 and Add.23 (limited distribution).

56. The Board adopted the following decision:

**DECISION B.18/08**

The Board, having considered document GCF/B.18/04/Rev.01 titled "Consideration of funding proposals":

(a) **Takes note of the following funding proposals:**

(i) Funding proposal 046 titled “Renewable Energy Program #1-Solar” by XacBank LLC, as contained in document GCF/B.18/04/Add.17;

(ii) Funding proposal 047 titled “GCF-EBRD Kazakhstan Renewables Framework” by the European Bank for Reconstruction and Development, as contained in document GCF/B.18/04/Add.18/Rev.01;

(iii) Funding proposal 048 titled “Low Emissions and Climate Resilient Agriculture Risk Sharing Facility” by the Inter-American Development Bank, as contained in document GCF/B.18/04/Add.19/Rev.01;

(iv) Funding proposal 049 titled “Building the climate resilience of food insecure smallholder farmers through integrated management of climate risks (the R4 Rural Resilience Initiative)” by the World Food Programme, as contained in document GCF/B.18/04/Add.04 and 23;

(v) Funding proposal 050 titled "Bhutan for Life (BfL)” by the World Wildlife Fund Inc., as contained in document GCF/B.18/04/Add.05 and 23;

(vi) Funding proposal 051 titled “Scaling-up investment in low-carbon public buildings” by the United Nations Development Programme, as contained in document GCF/B.18/04/Add.06 and 23;

(vii) Funding proposal 052 titled “Sustainable and climate resilient connectivity for Nauru” by the Asian Development Bank, as contained in document GCF/B.18/04/Add.07 and 23;

(viii) Funding proposal 053 titled “Enhancing climate change adaptation in the north coast and Nile Delta regions in Egypt” by the United Nations Development Programme, as contained in document GCF/B.18/04/Add.08 and 23;

(ix) Funding proposal 054 titled "Implementation project of the integral management plan of the Lujan River Basin” by the Corporación Andina de Fomento, as contained in document GCF/B.18/04/Add.09 and 23;

(x) Funding proposal 055 titled "Poverty, Reforestation, Energy and Climate Change (PROEZA Project)” by the Food and Agriculture Organization of the United Nations, as contained in document GCF/B.18/04/Add.10/Rev.01 and 23;

(xi) Funding proposal 056 titled “Scaling up climate resilient water management practices for vulnerable communities in La Mojana” by the United Nations Development Programme, as contained in document GCF/B.18/04/Add.11 and 23;

(xii) Funding proposal 057 titled “Climate Action for Rural Development: community-based adaptation and mitigation in Argentina” by the Unidad Para el Cambio Rural (Unit for Rural Change, UCAR), as contained in document GCF/B.18/04/Add.12 and 23;
Funding proposal 058 titled “Responding to the increasing risk of drought: building gender-responsive resilience of the most vulnerable communities” by the Ministry of Finance and Economic Cooperation of the Federal Democratic Republic of Ethiopia, as contained in document GCF/B.18/04/Add.13 and 23;

(b) **Also takes note** that, in relation to funding proposal 048, the accredited entity has changed the name of the proposal from “Climate-Smart Agriculture (CSA) Risk Sharing Facility for MSMEs” to “Low Emissions and Climate Resilient Agriculture Risk Sharing Facility”; therefore, all references to “Climate-Smart Agriculture (CSA) Risk Sharing Facility for MSMEs” stated in the funding proposal and its annexes, as well as in the relevant assessments made by the Secretariat and the independent Technical Advisory Panel, shall be read as “Low Emissions and Climate Resilient Agriculture Risk Sharing Facility”;

(c) **Approves** funding proposal 046 for the amount of USD 8,650,050, submitted by the XacBank LLC, subject to the conditions set out in annex XIII and in the respective term sheet set out in document GCF/B.18/04/Add.17;

(d) **Also approves** funding proposal 047 for the amount of USD 110,000,000, submitted by the European Bank for Reconstruction and Development, subject to the conditions set out in annex XIII and in the respective term sheet set out in document GCF/B.18/04/Add.18/Rev.01;

(e) **Further approves** funding proposal 048 for the amount of USD 20,000,000, submitted by the Inter-American Development Bank, subject to the conditions set out in annex XIII and in the respective term sheet set out in document GCF/B.18/04/Add.19/Rev.01;

(f) **Approves** funding proposal 049 for the amount of USD 9,983,521, submitted by the World Food Programme, subject to the conditions set out in annex XIII and in the respective term sheet set out in document GCF/B.18/04/Add.23;

(g) **Also approves** funding proposal 050 for the amount of USD 26,557,354, submitted by the World Wildlife Fund Inc., subject to the conditions set out in annex XIII and in the respective term sheet set out in document GCF/B.18/04/Add.23;

(h) **Further approves** funding proposal 051 for the amount of USD 17,346,000, submitted by United Nations Development Programme, subject to the conditions set out in annex XIII and in the respective term sheet set out in document GCF/B.18/04/Add.23;

(i) **Approves** funding proposal 052 for the amount of USD 26,910,000, submitted by the Asian Development Bank, subject to the conditions set out in annex XIII and in the respective term sheet set out in document GCF/B.18/04/Add.23;

(j) **Also approves** funding proposal 053 for the amount of USD 31,385,000, submitted by the United Nations Development Programme, subject to the conditions set out in annex XIII and in the respective term sheet set out in document GCF/B.18/04/Add.23;

(k) **Further approves** funding proposal 054 for the amount of USD 58,528,147, submitted by the Corporación Andina de Fomento, subject to the conditions set out in annex XIII and in the respective term sheet set out in document GCF/B.18/04/Add.23;

(l) **Also approves** funding proposal 056 for the amount of USD 38,496,000, submitted by the United Nations Development Programme, subject to the conditions set out in annex XIII and in the respective term sheet set out in document GCF/B.18/04/Add.23;

(m) **Approves** funding proposal 058 for the amount of USD 45,002,759, submitted by the Ministry of Finance and Economic Cooperation of the Federal Democratic Republic of Ethiopia, subject to the conditions set out in annex XIII and in the respective term sheet set out in document GCF/B.18/04/Add.23;

(n) **Decides** that there was no consensus to approve funding proposal 055;
Also decides that there was no consensus to approve funding proposal 057;

Reaffirms that pursuant to annex IV to decision B.17/09, the Executive Director or his designee is authorized to negotiate and enter into legal agreements on behalf of the GCF with accredited entities and other parties involved in respect of funding proposals approved by the Board, taking into account any condition approved by the Board in this decision and in the decision accrediting the relevant accredited entity; and

Authorizes the Secretariat to disburse fees for each funded project/programme approved by the Board as per the disbursement schedule to be agreed in the funded activity agreement in accordance with the interim policy on fees for accredited entities adopted by the Board pursuant to decision B.11/10.

Agenda item 15: Selection of the Permanent Trustee

The Board took note of the limited distribution document GCF/B.18/19 titled “Report on Activities of the Ad-hoc Trustee Selection Committee”

No decision was taken under this agenda item.

Agenda item 16: Matters related to the first formal replenishment period

No decision was taken under this agenda item.

Agenda item 17: Readiness and Preparatory Support Programme

The Board took note of document GCF/B.18/07 titled “Readiness and Preparatory Support Programme: progress report”.

The Board adopted the following decision:

DECISION B.18/09

The Board, having considered document GCF/B.18/07 titled “Readiness and Preparatory Support Programme: progress report”:

Notes the request for additional budget allocation for the Readiness and Preparatory Support Programme for 2017 and 2018 to enable the continued processing and approval of readiness proposals, including for national adaptation planning and/or other adaptation planning processes;

Requests the Secretariat to implement immediate measures to address the quality issues identified in the Readiness and Preparatory Support Programme progress report;

Agrees to conclude expeditiously the terms of reference for the independent evaluation of the programme by adopting a decision as soon as possible in between the eighteenth and nineteenth meetings of the Board, with an aim to initiate and conclude the evaluation by the twenty-first meeting of the Board, while reporting on the progress thereof at the twentieth meeting;

Approves that the amount of USD 50 million be made available for the execution of the Readiness and Preparatory Support Programme to address immediate requests for the funding of national adaptation planning and/or other adaptation planning processes; and
(e) **Requests** the Secretariat to present a revised work programme for the Readiness and Preparatory Support Programme, including a request for funding for 2018, for the Board’s consideration at its nineteenth meeting, based on the outcome of the initial review by the Secretariat of the Readiness and Preparatory Support Programme.

**Agenda item 18: Policies related to prohibited practices, anti-money laundering and countering the financing of terrorism**

62. The Board took note of document GCF/B.18/20 titled “Anti-Money Laundering and Countering the Financing of Terrorism Policy”.

63. The Board adopted the following decision:

**DECISION B.18/10**

The Board, having considered document GCF/B.18/20 titled “Anti-Money Laundering and Countering the Financing of Terrorism Policy”:

(a) **Adopts** the “Anti-Money Laundering and Countering the Financing of Terrorism Policy” contained in annex XIV to this document;

(b) **Requests** the Head of the Independent Integrity Unit, under the supervision of the Ethics and Audit Committee, to develop the standards for the implementation of the Anti-Money Laundering and Countering the Financing of Terrorism Policy for consideration by the Board by its twentieth meeting; and

(c) **Authorizes** the Ethics and Audit Committee to address issues that may arise in the implementation of this policy.

**Agenda item 19: Structure and staffing of the Secretariat**

64. The Board took note of document GCF/B.18/10 titled “Structure and staffing of the Secretariat”.

65. The Board adopted the following decision:

**DECISION B.18/11**

The Board, having considered document GCF/B.18/10 titled “Structure and staffing of the Secretariat”:

(a) **Notes** the contents of document GCF/B.18/10;

(b) **Agrees to and adopts** the proposed headcount of full-time-equivalent employees of 250 for 2018; and

(c) **Agrees to and adopts** the new proposed structure as shown in annex XV.

**Agenda item 20: Report on the execution of the administrative budget for 2017**

66. This agenda item was not opened.
Agenda item 21: Work programme of the Secretariat for 2018 and administrative budget

67. The Board took note of document GCF/B.18/13 titled "Work programme of the Secretariat for 2018 and administrative budget".

68. The Board adopted the following decision:

DECISION B.18/12

The Board, having considered document GCF/B.18/13 titled "Work programme of the Secretariat for 2018 and administrative budget":

(a) Recognizes that the work programme will help to guide the activities of the Secretariat during 2018;

(b) Approves the work programme 2018 as contained in annex XVI, and the goals and suggested policy priorities set out in the work programme, in accordance with paragraph 23(e) of the Governing Instrument for the GCF;

(c) Also approves an administrative budget for the period of 1 January to 31 December 2018 in the amount of USD 63,558,006 as referred to in appendix I to annex XVI;

(d) Further approves an administrative budget of the GCF for the periods 2019 and 2020 in the amounts of USD 42,289,607 and USD 44,107,723, respectively, to cover estimated staffing costs; and

(e) Requests the Secretariat to compile at each meeting of the Board a consolidated Board document on all information reports.

Agenda item 22: Work programmes and budgets of the Independent Units for 2018

69. This agenda item was not opened.

Agenda item 23: Dates and venues of the meetings of the Board in 2018

70. The Board took note of document GCF/B.18/02 titled "Dates and venue of the meetings of the Board in 2018".

71. The Board adopted the following decision:

DECISION B.18/13

The Board, having reviewed document GCF/B.18/02 titled "Dates and venue of the meetings of the Board in 2018":

(a) Confirms that the nineteenth meeting of the Board will take place in Songdo, Republic of Korea, from Tuesday, 27 February to Thursday, 1 March 2018; and

(b) Decides to agree on the dates and venues for the twentieth and twenty-first meetings between the eighteenth and nineteenth meetings of the Board.
Agenda item 24: Elections of Co-Chairs

72. No decision was taken under this agenda item.

Agenda item 25: Other matters

(a) Other matters from the seventeenth meeting of the Board

73. This agenda item was not opened.

Agenda item 26: Report of the meeting

74. The decisions as adopted and their corresponding annexes are included in this document.

Agenda item 27: Close of the meeting

75. The meeting was closed on Monday, 2 October 2017 at 6:20 PM.
### Annex I: Work plan of the Board for 2018

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<td>Presentation of a comprehensive 2017 annual status report on the implementation of the strategic plan</td>
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<td>Communications strategy (Decisions B.01-13/05, para (c); B.04/14, para. (c); B.13/25, para. (f); and B.17/01, para. (b)(ii))</td>
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<tr>
<td>Adoption of a communications strategy (Decisions B.13/25, para. (f), and B.17/01, para. (b)(ii))</td>
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<td>Guidance from the COP</td>
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<tr>
<td>COP guidance and reports (Governing Instrument for the GCF, paras. 6(a-c), and B.17/04, para. (b) &amp; (d)) (UNFCCC decision 5/CP.19)</td>
<td>Incorporation of COP 23 guidance into the Board work plan</td>
<td>Approve the seventh GCF report to the COP – COP report to include the report of the COP23 annual meeting with the UNFCCC thematic bodies; and updates related to complementarity and coherence with other funds (Decisions B.13/11 para. (e), and B.17/04, para. (d))</td>
<td>Addendum to the COP report</td>
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<tr>
<td>Complementarity and coherence, (Decisions B.13/12, para. (c), and B.17/04, para. (b)) (UNFCCC decisions 7/CP.21, para. 26, and 7/CP.20, para. 16)</td>
<td></td>
<td>Included in Seventh GCF Report to COP: • Annual report presenting the outputs from the operational framework on complementarity and coherence (Decision B.17/04, para. (b))</td>
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<td>Mobilization of private sector finance to progress GCF forestry-related results areas (Decisions B.12/07, para. (f), B.BM-2017/02, and B.17/01 (b)(xxi))</td>
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<td>Alternative policy approaches <em>(Decisions B.12/07, para. (e), B.14/01, para (b), and B.17/01)</em> <em>(UNFCCC decisions 10/CP.22, para 4, and 7/CP.21, para. 25)</em></td>
<td>Consideration of alternative policy approaches for the integral and sustainable management of forests</td>
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<td>Presentation of ToRs for the review of committees, panels and groups¹</td>
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<td>Presentation of findings of the review of committees, panels and groups</td>
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<tr>
<td>Committees, panels and groups <em>(Annexes XVI-XIX to decision B.05/13)</em></td>
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<tr>
<td>Code of conduct for the Accreditation Panel <em>(Decision B.07/02, annex V, para. 14)</em></td>
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<td>Review of the iTAP² <em>(Decisions B.10/09, para. (d) and B.15/06 para. (c), and Decision B.09/10, annex XII, and B.17/01 (b)(i))</em></td>
<td>• Review of the structure and effectiveness of the independent Technical Advisory Panel *(Decisions B.10/09, para. (d), B.14/01, para. (h) and B.15/06 para. (c)), and B.17/01 (b)(i)); and • Adoption of ToRs for the performance review of the TAP members <em>(Decision B.09/10, annex XII)</em></td>
<td>• Presentation of findings of the performance review of TAP members • Appointment of TAP members</td>
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<td>Observers</td>
<td>Presentation of the outcomes of the review of guidelines on observer participation <em>(Decisions B.BM-2016/11, B.BM-2017/02)</em></td>
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¹ Co-Chairs
² Investment Committee
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<td>Initial proposal approval process (Decisions B.07/03, B.11/11, and B.17/09, paras (g), (m), (n), (o) and (p))</td>
<td>Consideration of options for the development of a two-stage proposal approval process (Decision B.17/09, para. (g))</td>
<td>• Consideration of options for further decision making on funding proposals (Decision B.17/09, para (m)) • Defining the nature, scope and extent of second-level due diligence by the Secretariat (Decision B.17/09, para. (o)) • Update to the project and programme activity cycle as contained in decision B.17/09, annex IV (Decision B.17/09, para (n)); Comprehensive restructuring and cancellation policy (Decisions B.07/03, para. (e), and B.17/09, para. (p))</td>
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<tr>
<td>Further guidance on concessionality, including Level of concessionality for the public sector Decision B.17/10, para. (c)(iv)), Decisions B.12/17, para. (b), and para. (a), and B.BM-2017/02))</td>
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<td>Consideration of the co-financing policy</td>
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<sup>3</sup> Ad hoc Committee on Trustee Selection  
<sup>4</sup> Risk Management Committee
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<td>the GCF financial instruments, including outcomes of Co-Chairs'</td>
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<td>and B.BM-2017/02)</td>
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<td>Policy guidelines on a programmatic approach (Decision B.13/09, para.</td>
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<td>Developing an incremental cost methodology (Decision B.17/10, para.</td>
<td>Development and application of incremental cost calculation</td>
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<td>(c)(i))</td>
<td>methodology and/or alternative methodologies</td>
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<td>(Decision B.17/10, para. (c)(i))</td>
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<td>(Decision B.17/08, para (b))</td>
<td>targeted GCF investment would have the most impact</td>
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<td>(Decision B.17/08, para (b))</td>
<td>(Decision B.17/08, para (b))</td>
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<td>Support to adaptation activities (Decision B.17/10, para. (c)(ii)),</td>
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<td>including Private sector in adaptation (Decisions B.15/03, para.</td>
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<td>A mechanism to draw on appropriate scientific and technical advice</td>
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<td>Funding proposals, Consideration of funding proposals Consideration of funding proposals Consideration of funding proposals</td>
<td>Consideration of funding proposals</td>
<td>Consideration of funding proposals</td>
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^5 Ethics and Audit Committee
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<td>Consideration of proposals to accredit entities</td>
<td>Consideration of proposals to accredit entities</td>
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<tr>
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<td>Presentation of approach to developing the Environmental and Social Safeguards (ESS) standards</td>
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<td>Readiness Programme progress and outlook report, including status of NAPs</td>
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<sup>6</sup> Accreditation Committee
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<td>(Decisions B.12/20, and B.17/05, para (d))</td>
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<td><strong>Presentation of the annual assessment of the application of the country ownership guidelines</strong> (Decision B.17/21, para. (c))</td>
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<tr>
<td><strong>Private sector in LDCs and SIDS</strong></td>
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<td>Consideration of PSAG recommendations on the development of modalities to support activities enabling private sector involvement in LDCs and SIDs</td>
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<tr>
<td><strong>Private sector outreach plan</strong></td>
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<td>(Decision B.13/05 para. (d), and B.BM-2017/02)</td>
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<td>Presentation of ToR for request(s) for proposals for the remainder of the allocation for the MSME pilot programme (decision B.13/22, para. (f))</td>
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<td><strong>First formal replenishment process of the GCF</strong></td>
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<td>(Decision B.12/09); and</td>
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<td>Presentation of policies and procedures for the formal replenishment process</td>
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<td>(Decisions B.08/13, annex XIX, paras. 5-7; B.11/05, para. (d); B.14/01 (i); and B.17/01 (h)(viii))</td>
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<td><strong>Independent accountability units</strong></td>
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<td>Approval of the work programme and budget of the unit for 2019&lt;sup&gt;a&lt;/sup&gt;</td>
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<td>Independent Integrity Unit</td>
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<td>Independent Redress Mechanism</td>
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<td>• Approval of the work programme and budget of the unit for 2019&lt;sup&gt;a&lt;/sup&gt;</td>
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<td><strong>Administrative matters</strong></td>
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<td>Administrative guidelines</td>
<td>• Revised administrative guidelines on human resources; and&lt;br&gt;• Presentation of reviewed administrative guidelines on procurement <em>(Decisions B.12/39, para. (a), and B.17/01, para. (c))</em></td>
<td></td>
<td>Administrative guidelines on information communication and technology</td>
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<td>Work Plan and Administrative budgets&lt;sup&gt;8&lt;/sup&gt;</td>
<td>• A report on the execution of the administrative budgets for 2017, and&lt;br&gt;• Presentation of the draft unaudited financial statements for 2017</td>
<td>• A report on the execution of the administrative budgets for 2018&lt;br&gt;• Approval of the audited financial statements for 2017</td>
<td>• A report on the execution of the administrative budgets for 2018&lt;br&gt;• Approval of the Work Programme and Administrative Budget for 2019</td>
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<sup>a</sup> Budget Committee
## Matters to be addressed at each Board meeting

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| Co-Chairs' report, consultations and standing matters | The Co-Chairs will report to each meeting on the status of consultations and will bring those matters to the Board as appropriate.  
The report on the activities of the Co-Chairs will include status updates on:  
  - Revised work plan following B.18 and B.19  
  - Establishment of an appointment committee as a standing committee *(Decisions B.12/08; and B.15/02 (a))*  
  - Decision-making in the absence of consensus *(Decision B.12/11, and B.15/02 (a))*  
  - Decision-making without a Board meeting *(Decisions B.12/12 and B.15/02 (a))*  
  - Board decisions proposed and approved between meetings  
  - Co-Chairs to present the performance criteria and measurement procedure of the Heads of the accountability Units for adoption *(Decision B.10/05, para. (j), B.12/04, B.13/16, para. (c) and B.17/12, para (b))*  
  - Election of Co-Chairs |
| Secretariat Matters         |  
  - Report on the activities of the Secretariat, outlining status of implementation of the Secretariat Work Programme for 2018  
  - Actions taken to include gender considerations in the activities of the Fund *(Decision B.12/20, para. (d))*  
  - Status of staffing of the Secretariat  
  - Legal and formal arrangements with accredited entities; Status update and recommendations from the RMC  
  - GCF Portfolio and pipeline B.11/11 and B.13/21, para. (d)(ix)) and Status report on the PPF requests received *(Decision B.13/21, para. (d)(ix); and Decisions B.13/21, para (f) and B.17/01 (b)(xiv))*  
  - Status of the fulfillment of conditions on relevant approved projects *(decision B.14/07, paras. (i) and (j));*  
  - Risk management update and publication of risk dashboard every quarter *(Decision B.17/11 para (d))*  
  - Status of the initial resource mobilization process  
  - Progress report on the implementation of Readiness work programme, including status of NAPs. |
| Independent Units reports    |  
  - Reports of the Independent Units |
| Other procedural agenda items |  
  - Adoption of the agenda  
  - Adoption of the report of the previous meeting  
  - Reports from Board committees, panels and groups  
  - Dates and venues of the following meetings of the Board  
  - Report of the meeting |

**Abbreviations:** AMAs = accreditation master agreements, B.15–21 = fifteenth to twenty-first meetings of the Board, COP = Conference of the Parties to the United Nations Framework Convention on Climate Change, IEU = independent Evaluation Unit, IIU = independent Integrity Unit, MSME = micro-, small- and medium-sized enterprise, NDAs = national designated authorities, NAP = national adaptation plans, PPF = Project Preparation Facility, PSAG = Private Sector Advisory Group, RfP = request for proposal, ToR = terms of reference
Annex II: Information on proposals by direct access entities

1. The following information shall be reported to the Board and the Conference of the Parties:

(a) Number and funding amount of submitted concept notes, submitted and approved funding proposals, as well as the disbursement amounts of such proposals, submitted and approved Project Preparation Facility requests, as well as the disbursement amounts of such requests, received from direct access accredited entities. In cases where a concept note has been developed into, and/or where a Project Preparation Facility request has supported, a funding proposal, such indication shall be made available;

(b) Number and funding amounts of submitted concept notes, submitted and approved funding proposals, as well as the disbursement amounts of such proposals and submitted and approved Project Preparation Facility requests, as well as the disbursement amounts of such requests, for all accredited entities;

(c) Average time taken to process concept notes, process and approve funding proposals, as well as the disbursement amounts of such proposals and process and approve Project Preparation Facility requests, as well as the disbursement amounts of such requests, received from direct access accredited entities;

(d) Average time taken to process concept notes, process and approve funding proposals, as well as the disbursement amounts of such proposals and process and approve Project Preparation Facility requests, as well as the disbursement amounts of such requests, received from all accredited entities;

(e) Support to direct access accredited entities through targeted trainings and technical assistance on project preparation and management following GCF requirements;

(f) Support to direct access accredited entities to build capacity and promote peer-to-peer learning and south-south exchange;

(g) Support to direct access accredited entities in developing their Entity Work Programmes and project/programme pipelines; and

(h) Opportunities created for direct access entities to access support from the Readiness and Preparatory Support Programme and the Project Preparation Facility for project/programme pipeline development.
Annex III: Accreditation assessment of Applicant 056 (APL056)

I. Introduction

1. Applicant 056 (APL056), the China Clean Development Mechanism Fund Management Center (China CDM Fund Management Center), is an entity that is mandated to build capacity in coping with and combating climate change and promoting sustainable economy growth at the national level in China. The China CDM Fund Management Center has funded projects with a focus on renewable energy and clean energy, energy efficiency, green transportation, forestry, new energy-efficient materials, and energy generation and access.

2. The applicant submitted its application for accreditation to the Secretariat via the Online Accreditation System on 17 January 2015. The Stage I institutional assessment and completeness check was completed on 23 June 2017 and was progressed to the Stage II (Step 1) accreditation review, which has been concluded with the publication of this assessment. The applicant has applied to be accredited for the following parameters under the fit-for-purpose approach of the GCF:

(a) **Access modality**: direct access, national. The applicant received a national designated authority nomination for its accreditation application from China;

(b) **Track**: normal track;

(c) **Maximum size of an individual project or activity within a programme**: medium;¹

(d) **Fiduciary functions**:²

   (i) Basic fiduciary standards; and

   (ii) Specialized fiduciary standard for project management; and

(e) **Maximum environmental and social risk category**: medium risk (Category B/Intermediation 2 (I-2)).³

II. Stage I institutional assessment and completeness check

3. The applicant applied under the normal track accreditation process, and was assessed by the Secretariat during Stage I.

2.1 Legal status, registration, permits and licences

4. The applicant provided documents on its establishment and licences to operate, where relevant, as a part of the application. The applicant was established as an affiliate of the Ministry of Finance of China in 2006 and registered under the National Register of Administration of

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¹ As per annex I to decision B.08/02 (annex I to document GCF/B.08/45), “medium” is defined as “maximum total projected costs at the time of application, irrespective of the portion that is funded by the GCF, of above USD 50 million and up to and including USD 250 million for an individual project or an activity within a programme”.

² Decision B.07/02.

³ As per annex I to decision B.07/02 (annex I to document GCF/B.07/11), Category B is defined as “Activities with potential mild adverse environmental and/or social risks and/or impacts that are few in number, generally site specific, largely reversible, and readily addressed through mitigation measures” and Intermediation 2 is defined as “When an intermediary’s existing or proposed portfolio includes, or is expected to include, substantial financial exposure to activities with potential limited adverse environmental or social risks and/or impacts that are few in number, generally site specific, largely reversible, and readily addressed through mitigation measures; or includes a very limited number of activities with potential significant adverse environmental and/or social risks and/or impacts that are diverse, irreversible, or unprecedented”. 
Public Institutions. The applicant commenced its business as an operating entity of the China CDM Fund from 2010.

2.2 Institutional presence and relevant networks

5. The applicant, as an affiliate of the Ministry of Finance, is collectively governed and regulated by seven government bodies of China. The applicant is mandated to build capacity in the country to cope with and combat climate change, and promote a sustainable economic growth model. The applicant plays a key role in promoting the integration of government and capital markets, acting as a platform for soliciting new investment, business cooperation and sharing climate change information. It also aims to leverage public funds and private sector investment to fulfil China’s significant investment needs in climate relevant projects and programmes. For example, the applicant has a national network working with finance bureaux in over 25 provinces in China to promote public–private partnerships to mobilize and manage resources in climate change mitigation and adaptation projects.

6. In addition, the applicant possesses strong connections with international organizations, foreign government institutions, financial organizations, and advisory and research institutes to promote international cooperation in climate change.

7. In order to advance the objectives of the GCF, the applicant intends to:

(a) Conduct capacity-building activities to mainstream the green and low-carbon development concept and good practices in the market;

(b) Mobilize financial institutions and enterprises to engage in low-carbon development;

(c) Explore market-oriented mechanisms to enhance cooperation with financial institutions and to develop comprehensive investment instruments;

(d) Support mitigation projects with significant greenhouse (GHG) emission reductions and facilitate the development and deployment of climate-friendly technologies; and

(e) Conduct demonstration projects on adaptation to climate change and to guide and promote scaled-up adaptation actions in regions with different economic conditions.

2.3 Track record

8. The applicant has supported national efforts in the field of climate change mitigation and adaptation. In addition, it actively participated in international cooperation to further improve its capacity-building and to share its successful practices with other developing countries.

9. The applicant’s track record in financing climate change-related projects in China includes the following:

(a) USD 65.88 million (loans) for Jiangxi Huadian Jiujiang Distributed Energy Station Project;

(b) USD 33.82 million (loans) for the project Renovation of Carbon Dioxide Based Degradable Plastics Production;

(c) USD 7.83 million (equity) for Shanghai Environment and Energy Exchange Cooperation Ltd.; and

(d) USD 135.88 million (guarantees) for China Utility and Energy Efficiency Finance Programme.
III. Stage II accreditation review assessment

10. The applicant applied under the normal track accreditation process, and was assessed against the standards of the GCF by the Accreditation Panel (AP) during Stage II (Step 1).

11. As part of this assessment, the AP consulted the applicant's website to complement the information provided in the application.

3.1 Fiduciary standards

3.1.1 Section 4.1: Basic fiduciary standards: key administrative and financial capacities

12. The applicant has a suitable governance structure that enables it to effectively carry out its mandate. The applicant's governing board, which is the applicant's supreme body, comprises representatives of seven public institutions, including the Ministry of Finance of China. The applicant's board exercises its oversight role through several committees, including an audit committee. The committee has the requisite expertise and independence to carry out its designated role.

13. The applicant's financial statements are prepared in accordance with the China Accounting Standards and Principles for Enterprises which are consistent with International Financial Reporting Standards. The applicant has a financial information system which generates a broad range of financial reports required for effective financial management and decision-making. It also has a well-documented payment and disbursement system with appropriate policies and procedures for segregation of duties and delegation of authority.

14. The applicant has an internal audit unit with a skeleton staff of only two auditors. Almost all internal audit work is outsourced to external firms. However, the applicant has put in place an internal audit improvement plan which is scheduled to be completed by March 2018. Among other measures being taken, the plan envisages the recruitment of additional experienced auditors in order to enhance the internal audit unit’s capacity to carry out the internal audit work, rather than outsourcing it to external firms. Internal audits are carried out in accordance with internationally recognized standards similar to those prescribed by the Institute of Internal Auditors.

15. The applicant’s annual financial statements are audited by an independent external audit firm. However, as a public institution, the applicant is also subject to a mandatory annual audit by the National Audit Office in accordance with the Audit Law of China. The external audits are carried out in accordance with domestic audit regulations which are generally consistent with international standards.

16. The applicant has a well-documented internal control system to ensure that it operates within the confines of relevant laws and regulations, and that it achieves its operational and financial goals in an efficient and effective manner. Adequate risk-assessment processes are in place to proactively identify and address risks in each of the financial management and operational areas. The applicant has a procurement policy and guidelines that are consistent with recognized international practice. It also has an accessible and transparent procurement dispute resolution mechanism.

17. Although the applicant meets all other GCF requirements relating to administrative and financial capacities, it does not have an adequately staffed internal audit function and it has not provided evidence to show that it carries out assessments and oversight of the procurement procedures of beneficiary institutions, executing entities or project sponsors. The applicant is taking appropriate steps to address these shortfalls in meeting the GCF requirement for the basic fiduciary standards on key administrative and financial capacities.
3.1.2 **Section 4.2: Basic fiduciary standards: transparency and accountability**

18. The applicant has a code of conduct that defines ethical standards to be upheld by employees and all parties with a functional and/or contractual relationship with the organization. An ethics committee appointed by its governing board is responsible for oversight of the ethics function.

19. The applicant has a comprehensive financial management policy which is complemented by:

   (a) A financial disclosure policy that establishes the mechanisms for disclosure of conflicts of interest;

   (b) A policy on zero tolerance of fraud, financial mismanagement and other forms of misconduct;

   (c) A mechanism for protecting whistle-blowers who report violations; and

   (d) A separate function for investigating and handling allegations of fraud and other forms of misconduct.

20. The applicant has recently formulated and put into effect comprehensive anti-money laundering (AML) and countering the financing of terrorism (CFT) regulations based on the relevant national regulations and measures designed to control AML/CFT risks. The AML/CFT regulations are complemented by an equally comprehensive “know-your-customer” due diligence mechanism that includes, among other things, enquiries into the credibility of project owners/sponsors and their affiliates, verification of capital sources and scrutiny of project fund flows. The applicant also has a mechanism for monitoring electronic transfer of funds which is implemented in collaboration with commercial banks to ensure that funds are received from bona fide sources and remitted to the intended beneficiaries.

3.1.3 **Section 5.1: Specialized fiduciary standard for project management**

21. The applicant has a sound track record of capability and experience in project identification, preparation and appraisal. Project cycle management is guided by detailed project preparation, appraisal and risk assessment policies and procedures. The examples of project appraisal documents provided demonstrate the applicant’s effective use of the policies and procedures.

22. The applicant has a policy that guides its monitoring and evaluation function, the roles and responsibilities of which are clearly defined. The policy and structure relating to monitoring and evaluation provide for a segregation of the monitoring function from the project origination and supervision functions. Recent sample monitoring and evaluation reports were provided along with evidence showing that monitoring and evaluation reports are published in accordance with the applicant’s disclosure policy. The applicant also has a project-at-risk system for the early identification of project problems that may interfere with the achievement of project objectives if not addressed in a timely manner.

23. The applicant’s project closure policy and procedures include provisions for independent evaluation and reporting on results achieved, lessons learned and recommendations for improvement in the design of future projects. As required by the evaluation disclosure policy, evaluation reports and results are publicly disclosed and disseminated widely to parties directly or indirectly involved in the projects financed by the applicant.
3.1.4 **Section 5.2: Specialized fiduciary standard for grant award and/or funding allocation mechanisms**

24. The applicant did not apply for accreditation against this standard at this time.

3.1.5 **Section 5.3: Specialized fiduciary standard for on-lending and/or blending**

25. The applicant did not apply for accreditation against this standard at this time.

3.2 **Environmental and social safeguards**

3.2.1 **Section 6.1: Policy**

26. The applicant’s Handbook of Environmental and Social Risk Management (ESRM Handbook), which was endorsed by the applicant’s management in June 2014, constitutes its environmental and social safeguards (ESS) policy. The ESRM Handbook was developed to align with the good practices of international financial institutions such as the International Finance Corporation (IFC), the World Bank and the Asian Development Bank. The applicant’s ESRM Handbook requires its executing entities in implementing projects financed by the applicant to address cumulative impacts, associated facility impacts, analysis of alternatives, baseline data standards and mitigation hierarchy.

27. The ESRM Handbook requires the ESS assessment process to follow, where applicable, the IFC Performance Standards on Environmental and Social Sustainability (the IFC Performance Standards) and the World Bank Group Environmental, Health and Safety Guidelines. In cases where domestic law and the IFC Performance Standards differ, the higher standard is chosen, otherwise, justified deviation is required. The ESRM Handbook incorporates all applicable domestic ESS laws and regulations that the applicant’s institution adheres to, including those to be followed by the host country according to international law. The ESRM Handbook has been endorsed by the applicant’s Executive Committee and distributed to all the parties involved (e.g. its project investment department, its risk and performance management department, and its policy research department).

28. The applicant provided evidence indicating that training specific to the requirements of the ESRM Handbook (including applicable IFC Performance Standards) and its application has been provided to key staff of the relevant departments.

3.2.2 **Section 6.2: Identification of risks and impacts**

29. The ESRM Handbook describes the applicant’s institutional process to guide its staff in identifying the environmental and social (E&S) risks and impacts of projects at the project preparation and appraisal stage, as well as during the project implementation stage. The ESRM Handbook contains a list of types of projects that may be considered under each of the E&S risk category. To ensure that the E&S-related performance of a new potential activity is consistent with the applicant’s standards and requirements, the applicant has adopted a scoring system to analyse the ability of the executing entity to manage E&S risks in all aspects of the IFC Performance Standards at the project appraisal stage. The level of risk of new potential projects is determined by the highest level of significance and of identified risks across all potential risk areas in performance standards 1 to 8.

30. In addition to project E&S risk categorization, the scoring system also defines the key areas for project monitoring and management during and following project implementation. The applicant provided details of a sample of projects that include analysis of E&S risk category attributed to the projects.
3.2.3 Section 6.3: Management programme

31. The applicant’s ESRM Handbook documents its institutional process for managing mitigation measures and actions stemming from the E&S risk identification process, distinguishing between different categories of risk. If a project is classified as Category A or Category B, the applicant encourages the project owner to develop or adopt an environmental and social management system for the project and to prepare an environmental and social management plan.

32. The applicant provided a sample of environmental and social management plans for three projects as examples of its capabilities in implementing, supervising and assessing the mitigation measures for E&S risks.

3.2.4 Section 6.4: Organizational capacity and competency

33. The applicant provided its organizational chart, including a detailed write-up describing the organizational structure related to E&S management including the competency of the people responsible for the overall commitment and management of E&S objectives. The ESRM Handbook states that the coordinator for E&S risk management, who is in the risk and performance department, makes general arrangements of the risk identification and review, and organizes and coordinates the review panel. The applicant’s Director General of the risk management department is responsible for the overall supervision of the process of risk identification and review, checking and approving the review report submitted by the review panel, and reporting to the applicant’s Executive Committee. The Executive Committee makes decisions throughout the project approval cycle relating to each project and its fit with the applicant’s mandate, policies and strategies, and sets conditions to its approval, as necessary.

3.2.5 Section 6.5: Monitoring and review

34. The applicant’s monitoring and review procedures are described in the ESRM Handbook. Monitoring and review is conducted once a year during the implementation of a project. For completed projects, the monitoring and review work is completed within a year after the contract ends. The applicant’s department of internal review and control reports the review results in a timely manner and uses the results as the reference for decision-making and the assessment of project implementation. The applicant provided a sample of its monitoring and review reports which also addressed the E&S aspects.

3.2.6 Section 6.6: External communications

35. The applicant’s procedures for external communication is described in the ESRM Handbook. The applicant’s E&S coordinator is responsible for its external communication. The applicant’s website has an email address for the project-related communities and the public at large to express their concerns and provide comments and advice via email. The applicant checks the public email box periodically and, in a timely manner, transfers messages collected to the risk and performance department for review. The designated E&S coordinator in the risk and performance department is required to respond within a week. Significant messages will be reported to the applicant’s Executive Committee.

36. The applicant provided its register which shows that it received no external enquiries or complaints during the three years prior to submitting its application.

37. The applicant’s public consultation and disclosure policy and practice is not fully in line with the requirements of the GCF Information Disclosure policy, particularly in terms of the duration of the disclosure required for E&S information for Category B/I-2 projects. The applicant has therefore committed to apply the GCF Information Disclosure policy for projects financed using GCF resources.
The applicant provided a sample project which includes a grievance mechanism at the level of the applicant’s own institution, as well as at the level of its executing entities.

3.3 Gender

The applicant provided its gender policy, which is in line with the GCF Gender policy. The applicant’s commitment towards gender mainstreaming is also articulated in the applicant’s ESRM Handbook, as one of its four overall core objectives, namely, to create opportunities for women and the disadvantaged to display their economic potential and to play key roles in stabilizing economic development and eradicating poverty.

The applicant provided a sample of three projects which demonstrate its capabilities in implementing, supervising and assessing the mitigation measures for E&S risks as well as gender aspects in projects. The applicant provided a selection of project documents as examples of its experience with gender and climate change. The project documents also show that the applicant’s executing entities have non-discriminatory practices in terms of benefits and remuneration for both male and female employees.

IV. Conclusions and recommendation

4.1 Conclusions

Following its assessment, the AP concludes the following in relation to the application:

(a) The applicant meets the specialized fiduciary standard for project management, but only partially meets the requirements of the GCF basic fiduciary standard because it does not have an adequately staffed internal audit function and has not provided evidence to show that it carries out assessments and oversight of the procurement procedures for the projects it finances;

(b) The applicant partially meets the requirements of the interim ESS policy of the GCF in relation to the medium E&S risk (Category B/I-2). The applicant’s policy and practice of disclosing E&S information for Category B/I-2 projects/programmes is not in line with that required by the GCF Information Disclosure policy; and

(c) The applicant has demonstrated that it has competencies, policies and procedures in order to implement its gender policy, which is found to be consistent with the GCF Gender policy, and has demonstrated that it has experience with gender considerations in the context of climate change.

4.2 Recommendation on accreditation

The AP recommends, for consideration by the Board, applicant APL056 for accreditation as follows:

(a) Accreditation type:
(i) **Maximum size of an individual project or activity within a programme:** medium (including micro\(^4\) and small\(^5\));

(ii) **Fiduciary functions:**

1. Basic fiduciary standards; and
2. Specialized fiduciary standard for project management; and

(iii) **Maximum environmental and social risk category:** medium risk (Category B/I-2) including lower risk (Category C/Intermediation 3 (I-3))\(^6\);

(b) **Conditions:** the applicant will be required to submit to the AP, through the Secretariat, information on how it has complied with the conditions. The AP will thereafter assess whether the conditions have been met. This assessment will be communicated by the Secretariat, on behalf of the AP, to the Board for information purposes;

(i) **Conditions to be met prior to the first disbursement by the GCF for the first approved project/programme to be undertaken by the applicant:**

1. Provide documentary evidence of the establishment of an adequately staffed and fully functional internal audit unit; and
2. Adopt a policy on the disclosure of E&S information consistent with the GCF Information Disclosure policy; and

(ii) **Condition to be met on an annual basis for the three consecutive years starting from the date of the first disbursement by the GCF for an approved project/programme to be undertaken by the applicant:**

1. Provide documentary evidence of oversight and assessment of the procurement procedures of executing entities in GCF-funded projects/programmes funded by the GCF.

43. The applicant has been informed of the recommendation for accreditation, including the accreditation type and conditions, as identified in paragraph 42 above, and agrees to the recommendation.

### 4.3 Remarks

44. The AP reviewed the applicant's internal audit improvement plan and concluded that if the plan is fully implemented, the applicant will meet the condition identified in paragraph 42 (b) (i) 1 above.

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\(^4\) As per annex I to decision B.08/02, “micro” is defined as “maximum total projected costs at the time of application, irrespective of the portion that is funded by the GCF, of up to and including USD 10 million for an individual project or an activity within a programme”.

\(^5\) As per annex I to decision B.08/02, “small” is defined as “maximum total projected costs at the time of application, irrespective of the portion that is funded by the GCF, of above USD 10 million and up to and including USD 50 million for an individual project or an activity within a programme”.

\(^6\) As per annex I to decision B.07/02, Category C is defined as “Activities with minimal or no adverse environmental and/or social risks and/or impacts” and Intermediation 3 is defined as “When an intermediary’s existing or proposed portfolio includes financial exposure to activities that predominantly have minimal or negligible adverse environmental and/or social impacts”.

Annex IV: Accreditation assessment of Applicant 057 (APL057)

I. Introduction

1. Applicant 057 (APL057), the Department of Environment (DOE) under the Ministry of Health and the Environment of the Government of Antigua and Barbuda, is a national entity and government agency whose core mandate is to perform its functions for sustainable environmental protection and management in Antigua and Barbuda, including the implementation of various multilateral agreements on environment and climate change.

2. The applicant submitted its application for accreditation to the Secretariat via the Online Accreditation System on 13 September 2016. The Stage I institutional assessment and completeness check was completed on 20 April 2017 and was progressed to the Stage II (Step 1) accreditation review, which has been concluded with the publication of this assessment. The applicant has applied to be accredited for the following parameters under the fit-for-purpose approach of the GCF:

(a) **Access modality:** direct access, national. The applicant received a national designated authority or focal point nomination for its accreditation application from Antigua and Barbuda;

(b) **Track:** fast-track under the Adaptation Fund;

(c) **Maximum size of an individual project or activity within a programme:** small;\(^1\)

(d) **Fiduciary functions:**\(^2\)

(i) Basic fiduciary standards;

(ii) Specialized fiduciary standard for project management;

(iii) Specialized fiduciary standard for grant award and/or funding allocation mechanisms; and

(iv) Specialized fiduciary standard for on-lending and/or blending (for loans); and

(e) **Maximum environmental and social risk category**: medium risk (Category B/Intermediation 2 (I-2)).\(^3\)

II. Stage I institutional assessment and completeness check

3. The applicant is eligible for, and applied under, the fast-track accreditation process as an Adaptation Fund accredited entity. Its application has been assessed by the Secretariat during

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\(^1\) As per annex I to decision B.08/02 (annex I to document GCF/B.08/45), “small” is defined as “maximum total projected costs at the time of application, irrespective of the portion that is funded by the GCF, of above USD 10 million and up to and including USD 50 million for an individual project or an activity within a programme”.

\(^2\) Decision B.07/02.

\(^3\) As per annex I to decision B.07/02 (annex I to document GCF/B.07/11), Category B is defined as “Activities with potential mild adverse environmental and/or social risks and/or impacts that are few in number, generally site specific, largely reversible, and readily addressed through mitigation measures” and Intermediation 2 is defined as “When an intermediary’s existing or proposed portfolio includes, or is expected to include, substantial financial exposure to activities with potential limited adverse environmental or social risks and/or impacts that are few in number, generally site specific, largely reversible, and readily addressed through mitigation measures; or includes a very limited number of activities with potential significant adverse environmental and/or social risks and/or impacts that are diverse, irreversible, or unprecedented”.
Stage I in accordance with the requirements and gaps identified in decisions B.08/03 and B.12/30.

2.1 Legal status, registration, permits and licences

4. The applicant provided documents on its establishment and licences to operate, where relevant, as part of the application. The DOE, formerly known as the Environment Division, was formed in 1996 by a cabinet decision and was transformed into a department of the Government by the passage of the Environmental Protection and Management Act (EPMA) by the Parliament of Antigua and Barbuda. The main goal of this transformation was to provide the DOE with more authority and independence to obtain and manage financial resources, as well as to develop innovative and cost-effective programmes on climate change adaptation and mitigation specifically tailored to local circumstances.

2.2 Institutional presence and relevant networks

5. As a part of its mandate under the EPMA, the DOE is tasked with consolidating, into one legal regime, the coordination and implementation of the multilateral environmental agreements to which Antigua and Barbuda is a party, and to establish and make operational the framework financial mechanism to implement the EPMA (the Sustainable Island Resource Framework Fund (SIRF Fund)).

6. As the national focal point of Antigua and Barbuda to the United Nations Framework Convention on Climate Change, the applicant is responsible for the implementation of strategies to address climate change impacts in the country. In particular, the applicant coordinated the preparation of the country’s nationally determined contribution for the Paris Agreement. Additionally, the applicant, as a government department, has been a coordinating body that works closely with over 15 key government agencies, civil society and private sector entities in Antigua and Barbuda.

7. In order to achieve the GCF objectives for effectiveness and efficiency, the applicant intends to pioneer direct access in the eastern Caribbean, to enhance climate resilience across the subregions in the country and to leverage funding through the SIRF Fund, which is the core business model of the applicant and is a national fund to catalyse internal and external funding sources to enable the country to meet its climate and sustainability goals in a coordinated, systematic and cost-effective manner.

2.3 Track record

8. The applicant has implemented programmes and projects in the context of different financial mechanisms of multilateral agreements on environment and climate change, such as the Adaptation Fund and the Special Climate Change Fund under the Global Environment Facility. Such projects include policy development and implementation; integrated approaches to renewable energy; energy efficiency; resilience building; wetlands and waterway protection and restoration; biodiversity protection and management; and structuring sustainable

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4 At the time of the proposal for Board consideration to expand the list of entities potentially eligible for GCF fast-track accreditation in line with decision B.08/03 (document GCF/B.12/07), which was adopted in decision B.12/30, the applicant’s name was the Environment Division. In a letter received by the Secretariat from the applicant in March 2017, the applicant indicated a change in the name from “Environment Division” to “Department of Environment” and a change in the title of the head of the Department, with all other details and structures of the Department remaining unchanged.
financing. These projects may fall within the GCF environmental and social (E&S) Category B/I-2 or lower E&S risk levels.

9. The applicant’s track record in financing climate change related projects includes the following, which fall within the GCF small size category:

(a) USD 10 million (grant and receipt of loans) for An Integrated Approach to Physical Adaptation and Community Resilience in Antigua and Barbuda’s Northwest McKinnon’s Watershed;
(b) USD 15 million (receipt of loans) for the Hybrid Solar and Wind Power Project;
(c) USD 17 million (grant and receipt of loans) for Building Climate Resilience Through Innovative Financing Mechanisms for Climate Change Adaptation; and
(d) USD 30 million (grant and receipt of loans) for the International Renewable Energy Agency Project.

III. Stage II accreditation review assessment

10. The applicant is eligible for, and applied under, the fast-track accreditation process as an Adaptation Fund entity. Its application has been assessed by the Accreditation Panel (AP) during Stage II (Step 1) against the standards of the GCF in accordance with the requirements and gaps identified in decisions B.08/03 and B.12/30.

11. As part of this assessment, the AP consulted the applicant's website and third-party websites to complement the information provided in the application.

3.1 Fiduciary standards

3.1.1 Section 4.1: Basic fiduciary standards: key administrative and financial capacities

12. As per paragraph 10 above, the basic fiduciary standards concerning key administrative and financial capacities is considered to have been met by way of fast-track accreditation.

3.1.2 Section 4.2: Basic fiduciary standards: transparency and accountability

13. As per paragraph 10 above, the basic fiduciary standards concerning transparency and accountability of the accreditation application has been met by way of fast-track accreditation, with the exception of item 4.2.4, investigation function, and item 4.2.5, anti-money laundering and countering the financing of terrorism policies.

14. Regarding item 4.2.4 of the accreditation application, the applicant has an investigation function in place, including a transparent formalized process for the submission and handling of complaints and concerns regarding actual or suspected violations of national law and environmental regulations and actual or suspected violations of the applicant's internal policies for misconduct in the projects financed by the applicant. The whistle-blower protection policy and the mechanism that allows the public to launch complaints are available on a dedicated webpage.

15. With regard to investigation, reporting and the prosecution of fraud and corruption, the applicant follows the national legislation of Antigua and Barbuda that outlines the procedures for the receipt and investigation of the complaints, offences of fraud and corruption, and conducting corresponding inquiries and audits of the complaints. The legislation for the prevention of fraud and corruption establishes the relevant authorities to conduct the investigation process and decide on the follow-up measures.
16. The applicant has provided relevant audit reports for the years 2015–2016 and also a note on the investigation of two cases in the last three years, one of which was confirmed to be a case relating to a breach of fiduciary duties.

17. Regarding item 4.2.5 of the accreditation application, the applicant, as a government department, is regulated by the national anti-money laundering and countering the financing of terrorism acts, policies and procedures of Antigua and Barbuda. The applicant also complies with the national laws of Antigua and Barbuda with respect to prohibited practices. The definitions of the various prohibited practices are contained in a number of national laws of Antigua and Barbuda, and in general are found to be in line with the GCF interim policy on prohibited practices. Also, the reference to prohibited practices is included in the regulations of the applicant’s SIRF Fund, the activities of which the applicant seeks to scale up using GCF resources.

18. Risk-based “know-your-customer” counterparty due diligence is carried out by the applicant’s technical advisory committee through site visits and using templates to collect the necessary information on the credibility of the potential grants and loans beneficiaries, and on the eligibility of the potential grant award programme activities. The names of the organizations benefiting from the grants are made public on the applicant’s website. Sample copies of recently undertaken “know-your-customer” due diligence reports and copies of the electronic transaction reports corresponding to the evaluated beneficiaries were provided.

19. The applicant has a sound mechanism for the approval and recording of the wire transfers, which targets payments that are undertaken through banking transactions. All purchases and goods and services received by the applicant have to be approved by the procurement committee, and the transfers occur in accordance with the procurement committee’s decisions. The wire transfers are monitored by the authorized project coordinator for the respective approved project. Copies of the wire transfers to subcontractors, consulting services and for equipment purchases in accordance with the payment schedules within the projects were provided.

20. Due to the small amount of the payments, the applicant has not deemed it necessary to develop a complex in-house electronic payment system. However, the applicant’s current system is considered adequate and acceptable by the AP given the size of the institution and the scale of projects/programme activities under the specialized fiduciary standard for project management, the specialized fiduciary criteria for grant award and/or funding allocation mechanisms and the specialized fiduciary criteria for on-lending and blending (for loans), such as micro loans under the applicant’s SIRF Fund.

3.1.3 **Section 5.1: Specialized fiduciary standard for project management**

21. As per paragraph 10 above, the specialized fiduciary standard for project management is considered to have been met by way of fast-track accreditation.

3.1.4 **Section 5.2: Specialized fiduciary standard for grant award and/or funding allocation mechanisms**

22. The applicant’s grant award mechanism procedural framework is found to be mature and well developed. The applicant has extensive experience of working with a number of multilateral organizations, including the World Bank, the Inter-American Development Bank, the Global Environment Facility and the Adaptation Fund and, regarding the existing initiatives, has developed a pilot enhanced direct access programme to replicate and scale up successful arrangements to contribute to the region’s climate change preparedness. The enhanced direct access programme is developed to provide micro-financing to households and grants to non-governmental organizations to build the resilience of buildings, and to support public sector infrastructure projects to cope with climate-related impacts.
23. The SIRF Fund was established by the applicant in order to increase the cost-effectiveness of the enhanced direct access programme implementation. The SIRF Fund is regulated under newly adopted national legislation and is being operationalized with assistance from several donors via projects and some grants. This revolving fund serves the role of a treasury for grants and micro loans disbursed to public or non-governmental agencies. The applicant's role in implementing such a fund structure and its institutional capabilities have been assessed by the AP during the accreditation review and found to be in line with the requirements of the GCF specialized fiduciary standard for grant award and/or funding allocation mechanisms and the specialized fiduciary standard for on-lending and/or blending (for loans).

24. The environmental protection and management regulations of Antigua and Barbuda (2017) form the basis for grant management procedures and for the grants and revolving fund manual of the applicant. The manual includes clear standardized provisions for conducting calls for proposals, eligibility criteria for projects and potential grantees, evaluating proposals and awarding grants, due diligence procedures, and roles and responsibilities for grant proposal consideration, approval, disbursement and reporting.

25. The applicant’s grant award management procedure includes: standardized provisions for the recovery of funds awarded to the grantees, in respect of expenditures which are unauthorized or fall outside the scope of the funding for the projects; procedures for the suspension, reduction or termination of grants in the event of the beneficiary failing to comply with its obligations; and systems to prevent irregularities in the use of grant funds. The relevant clauses on the conditions for the termination of grants and recovery of funds are included in the standardized grant agreement template.

26. The grant award programme is managed by the applicant through supporting manuals and tools that are to be used by its technical evaluation committee in the preparation of the recommendations on the grant awards to the applicant’s general board of directors. The terms of reference and records of the work of the technical advisory committee, technical evaluation committee and the board of directors were provided and contain evidence of the competence and independence of their members and objectivity of their decision-making.

27. The applicant has provisions for the periodic review of its grant award activities and has provided examples of the monitoring and evaluation reports of the programmes implemented in the last five years. In addition, the applicant provided reports compiled by its donor partners (multilateral organizations) containing positive observations and conclusions on the performance of the applicant in respect of its management of projects and grant award programmes.

28. Although the applicant publishes information on grant award notices on its website, it does not have a formal procedure in place to provide public access to information on grant award decisions and grant award programme results. The applicant is currently in the process of finalizing the designated website to provide the relevant information on its grant award programmes and revolving fund operations. The development of the website is expected to be completed in September 2017. Therefore, in order to fully meet the GCF specialized fiduciary standard for grant award and/or funding allocation mechanisms and to demonstrate the effective implementation of the grant award procedure, the applicant would need to provide evidence of the public disclosure of grant award decisions and grant award programme results.

29. The applicant conducts close monitoring of the activities implemented under its grant award programme and undertakes regular site visits to support its beneficiaries before, during and after project/programme implementation. The applicant also disseminates best practices and maintains good relations with the grant awardees. A number of examples of such site visit reports were provided to demonstrate the effective implementation of the monitoring procedures.
30. Overall, following the assessment, the AP concludes that the grant award mechanisms implemented by the applicant are mature and well-established and can be applicable to GCF-funded activities subject to the development and implementation of the policy for the public disclosure of grant award decisions and grant award programme results.

3.1.5 **Section 5.3: Specialized fiduciary standard for on-lending and/or blending**

31. The applicant has established a micro-finance programme within the SIRF Fund. Specifically, it is a micro-financing revolving fund, which will provide loans at concessional rates directly to beneficiaries, which mainly comprise local households. The target group of the programme is vulnerable or "unbankable" households, who have limited income but have a desire to borrow to improve the resilience of their home or building to climate change. The loans will be provided for specific purposes to meet transformational policies, such as a new building code, or national laws related to climate change adaptation and mitigation. The loans will be unsecured, in the amount of less than USD 75,000 per loan, at 2 to 4 per cent interest, and with flexible repayment timeframes. The applicant is seeking to scale up this programme using GCF resources and is therefore applying for the specialized fiduciary criteria for on-lending and/or blending for loans. The applicant is authorized by the Government to conduct the revolving fund programme under the EPMA of 2015. The applicant will not use intermediaries for the programme, because the intermediary financial institutions may impose their rules and regulations that would make the vulnerable households ineligible for accessing traditional financing.

32. The applicant is currently establishing in-house capacity to support the programme. A designated team of specialists has been established to work on the loan applications, due diligence, site visits, consultations, monitoring and reporting.

33. The applicant has all of the necessary manuals and procedures in place to undertake due diligence, credit assessments and background checks on potential beneficiaries to ensure that borrowers have the capacity to repay and that the loan portfolio meets the objectives of this pilot programme – to assist vulnerable populations to adapt to climate change.

34. The applicant has established appropriate credit policies, internal control procedures, and procedures for evaluating loan applications. The relevant legislative and procedural framework documents, as well as a detailed financial analysis and financial model for the revolving fund, were provided.

35. In order to ensure the transparency and competency in the decision-making process of the SIRF Fund, the applicant has established multisectoral and multi-stakeholder technical review and decision-making committees, such as the SIRF Fund board and the loans board that include both members and observers from non-governmental organizations and the private sector.

36. The revolving fund programme’s financial risks are covered by the Ministry of Finance of Antigua and Barbuda, which provides the authorization to the applicant to manage financial and other risks. The applicant, on a quarterly basis, convenes risk assessment and monitoring meetings across units to update the risk registry.

37. The assets of the applicant belong to the Government of Antigua and Barbuda, and as such are managed on behalf of the Government to meet the EPMA requirements. The asset liability management is managed in-house by the applicant and is assisted by an assets and liabilities committee.

38. The treasury function of the applicant is managed by the accounts unit, and the operational function is managed by the project management unit, thus ensuring a clear separation between the two functions.
39. The applicant is planning to cooperate with the governments of the other smaller island States such as Dominica and Grenada on replicating the revolving fund model in the region. The revolving fund is considered by the AP to be a show case of the innovative financial approach to assist vulnerable communities in adapting to climate change in small island developing States and least developed countries.

40. Since the revolving fund has not yet been fully operationalized, there is no evidence of the publication of the beneficiaries and results of the programme. Therefore, the corresponding accreditation condition is recommended in paragraph 57(b) below.

3.2 Environmental and social safeguards

3.2.1 Section 6.1: Policy

41. The applicant is a government entity with a mandate to promote and steward environmental protection and management in the country. Its main mandate is the implementation and oversight of environmental and social standards of all development activities, as described in the EPMA of 2015, and the Physical Planning Act of 2004. The EPMA is an umbrella national legislation that addresses environmental protection, conservation of biodiversity and natural resources, waste management, environmental management and monitoring, as well as multilateral environmental agreements. It sets the broad objectives and principles for sustainable development and for climate mitigation and adaptation. The EPMA also sets national environmental standards as well as international conventions ratified by the country.

42. The applicant has also submitted drafts of an environmental and social safeguards policy and a technical manual that are designed to guide the applicant's operations. The technical manual will serve as a comprehensive guide for projects and programmes, including those funded by international partners, while the policy documents provide an overview of environmental and social safeguard requirements laid out in various pieces of legislation. Both documents are scheduled for finalization and approval at the end of 2017.

43. The EPMA defines the mandate of the applicant, and its role in upholding the requirements and provisions of the EPMA. Roles and responsibilities of the applicant regarding project and programmes are further detailed in the draft technical manual.

3.2.2 Section 6.2: Identification of risks and impacts

44. The applicant follows the process laid out in the EPMA and the Physical Planning Act. The latter provides a list of types of project that require a full environmental impact assessment, and describes a screening process for projects not included in the list. The process is also described in the draft technical manual to be finalized at the end of 2017. Although these procedures do not explicitly categorize projects in the same manner as the GCF for E&S risk levels, projects are differentiated by the type of environmental impact assessment required, based on potential environmental impacts and risks.

45. Screening of environmental risks and impacts is conducted by the applicant's technical staff, as is the preparation of terms of reference for the environmental assessments. Screening and scoping tools are available in the draft technical manual. Furthermore, the applicant has adopted a risk management framework that encompasses a wide variety of risks, including political, institutional, financial and compliance (including environmental) risks. Overall project risks are assessed in the early stages of design and documented in a risk registry. The risk registry is reviewed by the applicant's project management committee and the technical advisory committee.
The applicant has provided evidence from the last three years of projects it has implemented that would fall into the GCF E&S risk Category B/I-2. This is considered sufficient evidence of its capacity and track record. With respect to the assessment of alternatives and associated facilities, the applicant’s sample documents show sufficient experience. With regards to cumulative impact assessment, government legislation does not explicitly require cumulative impact assessments to be conducted for individual environmental and social impact assessments. Furthermore, the high cost and complex data requirements to analyse cumulative impacts have led the Government of Antigua and Barbuda to assume responsibility for addressing cumulative impacts through strategic environmental assessments and local area plans for watersheds.

3.2.3 **Section 6.3: Management programme**

The applicant has provided a draft technical manual, which was developed for the new organizational structure as the applicant transitions from a division to a department. The manual guides the management of projects as well as the mitigation of E&S risks and impacts. The applicant has stated that its draft technical manual will be updated to incorporate implications from: the upcoming ratification by the Government of Antigua and Barbuda of the Paris Agreement; internal organizational changes that the applicant is undergoing; and requirements that arise from the GCF accreditation. As the technical manual is an important element to guide the management of E&S mitigation efforts, it is important that the technical manual is finalized and approved by the applicant prior to the first disbursement by the GCF for an approved project/programme to be undertaken by the applicant if accredited.

3.2.4 **Section 6.4: Organizational capacity and competency**

Environmental and social safeguards has been a core function of the applicant since its days as a division within the Ministry of Health and the Environment. In its new, upgraded institutional status as a department, the environmental and social safeguards function will continue, and will make use of the institutional capacity and competence already established. A new organizational chart for the applicant has been provided in several documents, and a description of tasks related to the environmental and social management system is described in the draft technical manual.

The applicant has provided curriculum vitae showing competent technical staff, and demonstrates the applicant’s experience in fostering long-term partnerships with reputable international and regional entities to provide long-term support for baseline data collection, E&S monitoring, project management, and so on. The partnerships and framework agreements were part of mitigation measures developed to overcome challenges in recruiting staff to the applicant organization, a result of being a small island nation.

3.2.5 **Section 6.5: Monitoring and review**

The applicant’s draft technical manual describes the monitoring requirements expected of executing entities, as well as the applicant’s role (as regulator) in conducting inspections to confirm compliance. Non-compliance is reported to the office of the Attorney General. In addition, the applicant has indicated that it uses a modified monitoring framework from an international development partner for all its programmes/projects. The applicant provided sample documents which demonstrate that the environmental and social safeguards monitoring is incorporated. In the applicant’s organization, environmental monitoring is done by the Monitoring, Evaluation and Data Management Unit, and is supported by an environmental information/data management system.

3.2.6 **Section 6.6: External communications**
51. The applicant operates an external communications system that is available on its website, and has provided a sample of complaints from the public and how they were handled.

52. Specifically, for the disclosure of environmental documents, the applicant is prepared to implement the requirements of the GCF Information Disclosure policy for Category B/I-2 projects/programmes.

3.3 Gender

53. As part of the Government structure, the applicant is not mandated to have its own gender policy. Rather, it is required to follow national gender directives. Nonetheless, its draft technical manual has a section on a social and gender policy, which requires the applicant to comply with the gender requirements of major donors and financing entities, including the GCF.

54. All staff are sensitized to gender mainstreaming tools and techniques; and the applicant plans to establish a subcommittee on social and gender issues within the technical advisor committee that plays a critical role in project approval and monitoring. The applicant will also continue to foster strong relations with the Directorate for Gender Affairs, which is under the Ministry of Social Transformation, to provide technical support and oversight for gender mainstreaming.

55. The applicant has demonstrated experience in developing and implementing projects/programmes that benefit vulnerable groups, including women, young men, the elderly and those with physical disabilities. This includes a revolving fund that benefits poor households and small businesses (many led by women) to adapt to extreme weather conditions resulting from climate change.

IV. Conclusions and recommendation

4.1 Conclusions

56. Following its assessment and noting that the applicant has applied under the fast-track accreditation process, the AP concludes the following in relation to the application:

(a) The applicant meets the requirements of the GCF basic fiduciary standards and specialized fiduciary standard for project management, and partially meets the requirements of the specialized fiduciary standard for grant award and/or funding allocation mechanisms and the specialized fiduciary standard for on-lending and/or blending (for loans). The applicant is working on the launch of the new website for the purpose of disclosing the detailed information on its grant programmes, and this is expected to be completed in September 2017. Consequently, the applicant could not provide evidence of the public disclosure of grant award decisions or of the grant award programme operation results and reports on the operation of the newly established SIRF Fund. Also, according to the new regulatory framework, the applicant must establish a technical evaluation committee to conduct the evaluation of the grant proposals. However, no records of the work of this newly formed committee so far have been provided;

(b) The applicant partially meets the requirements of the interim environmental and social safeguards of the GCF in relation to the medium E&S risk (Category B/I-2). The final version of the technical manual and environmental and social safeguards policy that establishes the procedures and requirements related to environmental and social safeguards for projects/programmes have not yet been approved by the Government of Antigua and Barbuda; and
The applicant has demonstrated that it has competencies, policies and procedures in order to implement its gender policy, which is found to be consistent with the GCF Gender policy, and has demonstrated that it has experience with gender considerations in the context of climate change.

4.2 Recommendation on accreditation

57. The AP recommends, for consideration by the Board, applicant APL057 for accreditation as follows:

(a) Accreditation type:

(i) Maximum size of an individual project or activity within a programme:

1. Micro\(^5\) in relation to the specialized fiduciary standard for on-lending and/or blending (for loans); and
2. Small (including micro) in relation to the specialized fiduciary standard for project management and the specialized fiduciary standard for grant award and/or funding allocation mechanisms; and

(ii) Fiduciary functions:

1. Basic fiduciary standards;
2. Specialized fiduciary standard for project management;
3. Specialized fiduciary standard for grant award and/or funding allocation mechanisms; and
4. Specialized fiduciary standard for on-lending and/or blending (for loans); and

(iii) Maximum environmental and social risk category: medium risk (Category B/I-2) including lower risk (Category C/Intermediation 3 (I-3)\(^6\)); and

(b) Conditions: the applicant will be required to submit to the AP, through the Secretariat, information on how it has complied with the conditions. The AP will thereafter assess whether the conditions have been met. This assessment will be communicated by the Secretariat, on behalf of the AP, to the Board for information purposes;

(i) Conditions to be met prior to the first disbursement by the GCF for the first approved project/programme to be undertaken by the applicant:

1. Provide evidence of having an approved procedure for the public disclosure of grant award decisions, which shall contain at least the following information:
   a. Name, address and nationality (in case of individuals) or place of incorporation (in case of legal entities) of the beneficiary;
   b. Purpose of the grant; and

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\(^5\) As per annex I to decision B.08/02, “micro” is defined as “maximum total projected costs at the time of application, irrespective of the portion that is funded by the GCF, of up to and including USD 10 million for an individual project or an activity within a programme”.

\(^6\) As per annex I to decision B.07/02, category C is defined as “Activities with minimal or no adverse environmental and/or social risks and/or impacts” and intermediation 3 is defined as “When an intermediary’s existing or proposed portfolio includes financial exposure to activities that predominantly have minimal or negligible adverse environmental and/or social impacts”.

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c. Grant amount awarded and, where applicable, the maximum percentage of grant co-financing; and

2. Provide evidence of an approved technical manual and an environmental and social safeguards policy that establish the procedures and requirements related to environmental and social safeguards for projects/programmes; and

(ii) Conditions to be met on an annual basis for the three consecutive years starting at the beginning of the second year of implementation (with the first deadline falling at the end of the first quarter of the second year of implementation) of the first GCF-funded project/programme through a grant award and/or funding allocation mechanism:

1. Provide evidence of the public disclosure of the monitoring and evaluation reports for any GCF-funded project/programme implemented through the applicant’s grant award programme, as well as of the annual reports on the results of the operation of the revolving fund programme; and

2. Provide the minutes of the applicant’s technical evaluation committee meetings evidencing the process of consideration and approval of any grant proposals received under a grant award project/programme.

58. The applicant has been informed of the recommendation for accreditation, including the accreditation type and conditions, as identified in paragraph 57 (b) above, and agrees to the recommendation.
Annex V: Accreditation assessment of Applicant 058 (APL058)

I. Introduction

1. Applicant 058 (APL058), the Fiji Development Bank (FDB), is a national public sector entity and Government-owned development bank based in Fiji. The applicant's main objectives are to facilitate and stimulate the promotion and development of natural resources, transportation and other industries and enterprises in Fiji and to give special consideration and priority to the economic development of the rural and agricultural sectors of the economy.

2. The applicant submitted its application for accreditation to the Secretariat via the Online Accreditation System on 27 December 2015. The Stage I institutional assessment and completeness check was completed on 13 May 2017 and was progressed to the Stage II (Step 1) accreditation review, which has been concluded with the publication of this assessment. The applicant has applied to be accredited for the following parameters under the fit-for-purpose approach of the GCF:

(a) **Access modality:** direct access, national. The applicant received a national designated authority nomination for its accreditation application from Fiji;

(b) **Track:** normal track;

(c) **Maximum size of an individual project or activity within a programme:** small;¹

(d) **Fiduciary functions:**²

(i) Basic fiduciary standards;

(ii) Specialized fiduciary standard for project management; and

(iii) Specialized fiduciary standard for on-lending and/or blending (for loans, equity and guarantees); and

(e) **Maximum environmental and social risk category:** medium risk (Category B/Intermediation 2 (I-2)).³

II. Stage I institutional assessment and completeness check

3. The applicant applied under the normal track accreditation process, and was assessed by the Secretariat during Stage I.

2.1 Legal status, registration, permits and licences

4. The applicant provided documents on its establishment and licences to operate, where relevant, as a part of the application. FDB was established in 1967 under Chapter 214 of the

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¹ As per annex I to decision B.08/02 (annex I to document GCF/B.08/45), “small” is defined as “maximum total projected costs at the time of application, irrespective of the portion that is funded by the GCF, of above USD 10 million and up to and including USD 50 million for an individual project or an activity within a programme”.

² Decision B.07/02.

³ As per annex I to decision B.07/02 (annex I to document GCF/B.07/11), Category B is defined as “Activities with potential mild adverse environmental and/or social risks and/or impacts that are few in number, generally site specific, largely reversible, and readily addressed through mitigation measures” and Intermediation 2 is defined as “When an intermediary’s existing or proposed portfolio includes, or is expected to include, substantial financial exposure to activities with potential limited adverse environmental or social risks and/or impacts that are few in number, generally site specific, largely reversible, and readily addressed through mitigation measures; or includes a very limited number of activities with potential significant adverse environmental and/or social risks and/or impacts that are diverse, irreversible, or unprecedented”. 

Laws of Fiji (Fiji Development Bank Act). The applicant indicated that it does not require a business permit or licence to operate as per the Act.

2.2 Institutional presence and relevant networks

5. All capital stock of the applicant is for the sole account of the Government of Fiji, and it has a strong presence at the national level with an emphasis on the social impacts of development assistance. This presence and focus have allowed the applicant to reach vulnerable groups and various beneficiaries including the private sector and to contribute to national policies through the projects it finances.

6. In order to advance the objectives of the GCF, the applicant intends to implement initiatives that have direct and positive impacts on climate change mitigation and adaptation. Particularly, it plans to promote:

   (a) Renewable energy: conversion of electricity generation from fossil fuel to renewable resources such as solar, hydro, biomass, biogas, wind and geothermal systems;
   (b) Energy efficiency in the housing sector; and
   (c) Reduction of carbon emissions through new technologies in the marine transport sector.

2.3 Track record

7. As a development bank, the applicant places a high value on environmental and social impacts. The applicant has undertaken relevant projects such as financing sustainable energy, providing guarantees for solar photovoltaic systems for rural areas, and providing micro loans to beneficiaries in the rural and agricultural sector.

8. The applicant's track record in financing climate change-related projects includes the following, which fall within the GCF micro size category:

   (a) USD 10 million (loans) for the Vuda Renewable Power Development project;
   (b) USD 2.5 million (loans) for the Risk Sharing Fund under Sustainable Energy Financing project;
   (c) USD 2 million (loans) for Agri Finance Scheme; and
   (d) EUR 29,018 (guarantee) for the project Improving reliable access to modern energy services through solar photovoltaic systems for rural areas (outer islands) of Tuvalu.4

III. Stage II accreditation review assessment

9. The applicant applied under the normal track accreditation process, and was assessed against the standards of the GCF by the Accreditation Panel (AP) during Stage II (Step 1).

10. As part of this assessment, the AP consulted the applicant's website and third-party sources to complement the information provided in the application.

3.1 Fiduciary standards

3.1.1 Section 4.1: Basic fiduciary standards: key administrative and financial capacities

4 The guarantee was provided to a limited liability company registered in Fiji.
11. The applicant’s general, administrative and financial management operations are governed by its code of corporate governance (2012) which describes the responsibilities and obligations of the applicant’s board and its subcommittees, management and its employees. The applicant’s board is appointed by the Government (Ministry of Finance), and the board sets the strategic direction within the framework of its mandate and monitors operational performance. Business operations have been delegated to the executive management of the applicant under the leadership of the Chief Executive Officer. The governance structure provides for three board subcommittees, namely: the Audit Committee; the Credit Risk Committee; and the Human Resources Committee. The applicant’s executive committee functions as the asset and liability committee, and reports to the applicant’s board on a quarterly basis. The applicant’s board is required to meet monthly and its subcommittees quarterly. The applicant confirmed that the frequency of meetings held by its board subcommittees has been addressed during the current financial year in order to bring the frequency in line with its policy.

12. The applicant has provided its board charter (2008), Credit Risk Committee charter (2010) and a terms of reference for its Human Resources Committee (2010). Given that the applicant’s operations have been subject to a number of lending cycles and lessons learned since their drafting, the AP considers that these would benefit from a strategic review. The Credit Risk Committee charter is a specific case in point.

13. The applicant has provided evidence of its strategic plan for the current planning cycle and the associated action plans across six themes, including progress towards achieving the plan.

14. The applicant has provided its audited financial statements as contained in the Annual Financial Report which have been prepared in accordance with the International Financial Reporting Standards and the Reserve Bank of Fiji Guidelines. The Office of the Auditor General is mandated to audit the financial statements of the applicant. Moreover, the Office of the Auditor General has the authority to appoint an external audit firm to conduct the audit on its behalf. The applicant confirmed that its annual financial statements have been audited by an external auditor appointed by the Office of the Auditor General.

15. The internal audit function is required to adhere to the Institute of Internal Auditors’ mandatory guidance including the definition of internal auditing, the Code of Ethics, and the International Standards for the Professional Practice of Internal Auditing. Internal audit reports functionally are sent to the applicant’s board Audit Committee and administratively to the Chief Executive Officer. The applicant has provided evidence of audit procedures and the ongoing activities of the internal audit function, including its annual audit plan, which includes mandatory annual audits of the key functions of the applicant and audit findings. Moreover, the applicant has demonstrated that it monitors audit findings and highlights for the attention of management where the audit findings have not been satisfactorily addressed.

16. The key issue in the applicant’s capacity to meet the GCF basic fiduciary standard for key administrative and financial capacities is the lack of an enterprise-wide risk management and control framework. The applicant has provided a draft terms of reference and timelines to demonstrate that it has formally commenced work on addressing this gap. Given that the above-mentioned enterprise-wide framework will be implemented and demonstrated over time, the AP recommends that the GCF engagement (e.g. project origination, appraisal, monitoring and relationship management) be conducted via the Corporate Branch. The applicant has advised that this will be accommodated.

17. Regarding procurement, the AP notes that the applicant’s systems do not provide for an assessment of procurement systems of the entities it provides funding to; however, it has indicated that it would be willing to introduce such processes. The applicant will be required to provide policy guidelines to ensure that the procurement processes for all of the projects it finances are fair and transparent, that they provide for a dispute resolution process and that awards are publicly disclosed.
3.1.2 Section 4.2: Basic fiduciary standards: transparency and accountability

18. The applicant has recently updated and improved its website and is making progress in addressing its level of transparency. In this regard it has included a complaints mechanism that is publicly available to guide the process for reporting complaints, including guidance for the purposes of reporting matters of fraud and corruption.

19. The applicant is guided by the country reporting requirements in applying its guidelines on anti-money laundering and countering the financing of terrorism. The Financial Transaction Reporting Act of Fiji requires that the applicant appoint a senior officer responsible for ensuring the applicant’s compliance with the Act, the scope of which includes, among other things, reporting certain transactions above 10,000 Fiji dollars (FJD) to the Fiji Financial Intelligence Unit. The applicant has provided evidence of its reporting and the job description of the person responsible for the function. The above reporting requirement is contained in the applicant’s financial control policy and procedure. However, the applicant’s guidelines and processes for anti-money laundering and countering the financing of terrorism require further development to meet the GCF interim policy for prohibited practices.

3.1.3 Section 5.1: Specialized fiduciary standard for project management

20. The applicant’s lending activities consist mainly of providing working capital loans across a number of sectors. The applicant has provided evidence of the policies and procedures associated with its mandate. The appraisal processes provide for a credit assessment methodology, which culminates in a credit quality rating (A–I) and a credit risk rating (1–9). The applicant’s monitoring standards are guided by the outcome of the credit assessment.

21. The applicant has demonstrated its ability to incorporate technical, financial, economic and legal aspects into its lending operations, including key performance indicators. However, the AP noted that the applicant’s procedures provide for exceptions from its policy, and the applicant has an embedded process in its procedures to accommodate exceptions. These exceptions could include relaxing security requirements, less emphasis on track record, extended terms of loans and so on. Moreover, the applicant has indicated that, given its development mandate, exceptions do indeed occur and information supporting that exceptions occur frequently has been observed by the AP. Generally, exceptions are rated as a high risk on the credit rating scale, which results in an elevated level of monitoring in line with the applicant’s credit risk categorization procedure. In addition, the consequence of the frequent application of the exceptions could be one of the reasons that the applicant’s loan portfolio is concentrated at the lower end (high risk) of the rating scale.

22. The applicant has provided evidence of its monitoring procedures, which are also linked to the credit rating methodology; however, some gaps in the implementation of the applicant’s monitoring processes is evident and this has also been highlighted in an independent credit review that was commissioned by the applicant in 2015. The findings and recommendations of the credit review are very relevant for assuring the sustainability of the applicant’s operations and are being addressed by its management. The recommendation related to a review of the applicant’s credit policy is of particular relevance and reporting on the management’s progress in addressing the findings have been included as part of the accreditation conditions recommended by the AP.

23. The AP notes that there is a significant emphasis on turnaround time for loan approvals, which is a key performance indicator; however, this might be contributing to added pressure on the approval of loans without the necessary time to complete the required level of due diligence. The AP suggests that the applicant might reconsider the emphasis on this key performance indicator, at least until such a time as it has reviewed its credit policy.
24. The applicant has provided evidence of its project-at-risk system, which is linked to its credit risk categorization procedure, as described in paragraph 21 above. Downgrading a loan to a non-performing status results in the migration of the loan to an asset management unit, which is separate from the monitoring function. The AP notes that recommendations regarding further development of the applicant’s project-at-risk systems have been included in the credit review.

3.1.4 Section 5.2: Specialized fiduciary standard for grant award and/or funding allocation mechanisms

25. The applicant did not apply for accreditation against this standard at this time.

3.1.5 Section 5.3: Specialized fiduciary standard for on-lending and/or blending

26. The applicant has demonstrated its track record of on-lending and/or blending operations, which mainly consists of loans to small and medium-sized enterprises in the form of working capital loans, and a few larger clients in the tourism sector. However, its internal project finance capabilities are limited and, where required, it supplements its in-house resources with external expertise and guidance. The applicant has only partially demonstrated its track record with equity and guarantees, and the AP considers that any programme that includes these financial instruments should include an elevated level of due diligence and monitoring by the applicant and the GCF.

27. The applicant has provided evidence of its intermediated micro loans project, which includes a focus on women. Although the appraisal and subsequent recommendation for approval included exceptions to the applicant’s credit policy, these have been transparently highlighted and motivated in accordance with the applicant’s processes, which provide for exceptions to its policy. Moreover, the applicant has provided evidence of its monitoring of the project (as opposed to relying on monitoring reports of the financial institution).

28. Public access to information on projects and beneficiaries of projects/programmes that the applicant has financed is very limited and the applicant has indicated that information on the projects it finances is generally subject to non-disclosure provisions. The applicant will be required to draft and approve an information disclosure policy that meets the requirements of the GCF fiduciary standard for on-lending and/or blending, including information on the periodic monitoring and projects financed by the applicant.

29. The applicant’s credit framework is guided by the Reserve Bank of Fiji, which requires that the applicant has credit risk grading systems that provide for the classification of its portfolio of loans and other credit facilities (including off-balance sheet exposures) according to a minimum of five categories (levels) of credit risk. The applicant's rating system provides for this credit risk categorization approach, as described in paragraph 21 above. The system includes a process for the identification, monitoring and rehabilitation of non-performing assets. However, given that the applicant is a development bank with a significant focus on sectors that generally cannot access commercial finance, the AP noted that the resulting rating distribution is concentrated at the lower end of creditworthiness, resulting in a significant level of underperforming loans.

30. To address the above-mentioned rating distribution, the applicant proactively procured the services of an independent external consultant in 2015 to undertake a credit review of its lending portfolio. The review concluded that the applicant's rating system is in line with international standards; however, the application of this system – given the nature of its target market and mandate – would benefit from a review of its credit policy. Other recommendations from the review are being addressed by the applicant's management and, given the relevance of such recommendations for the applicant's sustainability, the applicant will be required to report
on progress in implementing the recommendations. This includes providing the revised credit policy and procedures to provide for the move to becoming a deposit-taking institution.

31. The applicant does not have a fully developed risk management framework; however, it has provided a draft overview of the scope of work associated with the development of the enterprise-wide risk management framework, which includes addressing the control framework. This framework is anticipated to be implemented by mid-2018.

32. The applicant has provided evidence of its financial control policies and procedures which demonstrate that the applicant has systems in place to ensure sound investment management.

33. Evidence of the applicant’s asset and liability meetings was provided, including evidence of its strategies to manage these risks. The limited extent to which risks can be managed in the context of the country and the applicant’s access to funds are noted by the AP, as is the applicant’s ability to request support from the Government of Fiji for impacts on its portfolio arising from foreign exchange and other exposures.

3.2 Environmental and social safeguards

3.2.1 Section 6.1: Policy

34. The applicant’s environmental and social management system (ESMS) is embedded in its lending manual, which guides the applicant in complying with the National Environmental Management Act of 2005, the National Environmental Impact Assessment Process Regulation of 2007, the environment management plan template, the national environmental impact assessment guidelines and the national environmental strategy. The National Environmental Management Act is umbrella legislation for the protection of natural resources and the control and management of development, waste and pollution. However, as the applicant’s ESMS and related practices (or lack of) do not reflect the environmental and social risks and impacts contained in the Performance Standards 1 to 8 of the GCF interim ESS for Category B/I-2. The applicant has indicated that it intends to develop a new ESS policy and related implementation guidelines in accordance with the GCF interim ESS in the coming months that will govern its lending operations.

35. The Department of Environment (DoE), which is part of the Ministry of Local Government, Housing, Urban Development and Environment of the Government of Fiji, is responsible for screening and assigning environmental and social (E&S) risk categories for the applicant, as well as supervising and monitoring the applicant’s projects. The applicant indicated that it will seek a memorandum of understanding with the DoE to further reaffirm and strengthen the relationship and division of labour between the two institutions regarding the sharing of expertise and in the implementation of existing procedures subject to the national ESS legislation. The applicant's conformance to the new ESS policy that it intends to develop will be the joint responsibility of the heads of the applicant and the DoE. The applicant's management has committed to ensure that its staff who are involved in projects financed by the GCF will undergo appropriate training and skill upgrading with respect to E&S policies, procedures and standards.

3.2.2 Section 6.2: Identification of risks and impacts

36. The applicant’s E&S risks and impacts identification and assessment, including an E&S risk categorization framework, is described in the National Environment Impact Assessment Process Regulation of 2007 and national environmental impact assessment (EIA) guidelines. These describe the E&S due diligence and assessment procedures that the applicant is required to follow. The applicant also provided a list of projects that typically would fall within the E&S
risk Category B/Intermediation 2 and Category C/Intermediation 3 (I-3), illustrating the application of its E&S risk screening process. However, the applicant could not provide evidence of the actual application of its E&S risk and impacts identification process, including E&S risk categorization, particularly for an E&S risk Category B/I-2 project/programme. Although the applicant provided a sample project document which addresses E&S impacts, it does not have a detailed assessment of the E&S risk categorization process, as required in the GCF accreditation framework\(^5\) and the GCF interim ESS. The applicant has indicated that this requirement, including the responsibilities and the skills of the staff that undertake E&S risk categorization, will be addressed in its new ESS policy that is expected to be submitted in the coming months.

### Section 6.3: Management programme

37. The DoE's EIA guidelines describe the requirements for addressing the E&S mitigation measures stemming from the applicant's identification of E&S risks and assessment of its projects. All of the applicant's loans, including those categorized as minimal to no E&S risk (Category C/I-3), are required to develop an environmental management plan (EMP). For higher E&S risk (Category B/I-2 and higher), the applicant adheres to its National Environmental Management Act of 2005, which requires project proponents to develop an EIA. The DoE has the overall management and clearance issuance responsibility, including the responsibility for E&S risk categorization and development of the terms of reference for EIAs and EMPs. The project proponent is required to ensure that they abide by DoE policies and practices. The applicant's loan officers are responsible for ensuring that all EIAs, EMPs and environmental clearances are well documented and made available to its management. Although the applicant has the appropriate procedures for E&S mitigation and management, the AP noted that these do not reflect Performance Standards 1 to 8 of the GCF interim ESS. The applicant provided a sample EIA for a resort development project; however, the EIA narrative does not reflect Performance Standards 1 to 8 of the GCF interim ESS. The applicant could not provide adequate evidence in the form of sample EMPs reflecting application of its E&S mitigation and management procedure, particularly for an E&S risk Category B/I-2 project/programme. The applicant's new ESS policy, which is expected to be developed in the coming months, should address this gap and should be applied to projects the applicant undertakes financed using GCF resources.

38. The applicant has not conducted an internal audit of the effectiveness of its ESMS. However, the applicant has indicated that as part of its holistic ESMS framework development, the internal audit of the effectiveness of management of its ESMS would be conducted for projects financed using GCF resources.

### Section 6.4: Organizational capacity and competency

39. The applicant has not provided an organizational chart or an organizational structure that defines roles, responsibilities and authority to implement its current or proposed ESMS, which includes its senior management. The organizational structure that the applicant provided does not indicate any designated staff or their responsibilities relating to E&S matters in the applicant's operations. The applicant's specific requirements for loan officers and their interaction with the DoE in the ESS process can be found in the applicant's lending manual. The applicant's manager of the Enterprise Risk Business Development Unit, which is currently handling the GCF accreditation application, will also be involved in the recruitment of the technical officer (ESS and gender specialist), whose job description will be similar to that of the DoE officer and project officer with lending, project development, monitoring and evaluation expertise. The technical officer will assess and process GCF-funded projects and directly report

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\(^5\) As per annex I to decision B.07/02, Category C is defined as “Activities with minimal or no adverse environmental and/or social risks and/or impacts” and Intermediation 3 is defined as “When an intermediary’s existing or proposed portfolio includes financial exposure to activities that predominantly have minimal or negligible adverse environmental and/or social impacts”.

\(^6\) Annex I to decision B.07/02.
to the applicant’s risk committee and its board. The applicant has indicated that this officer will work with the DoE on the EIA and other environmental matters. The applicant has committed to provide its organizational structure to implement its new ESS policy in the coming months.

3.2.5 **Section 6.5: Monitoring and review**

40. The DoE’s EIA guidelines contain the information on E&S monitoring and reporting requirements. The applicant has indicated that monitoring guidelines are developed for every project. Depending on the terms of reference, the monitoring plan could be a component of the EIA or the EMP. The monitoring plan outlines the frequency of monitoring and the monitoring tools to be used and, more importantly, specifies the personnel or organization responsible for undertaking the monitoring task or for reviewing the results of monitoring. The applicant has stated that the DoE provides monitoring and supervision while the applicant’s senior management perform spot checks and unannounced field visits to sites regularly visited by the DoE inspectors. However, the applicant could not provide a document that describes in more detail the roles and responsibilities of the DoE in conducting monitoring of E&S matters in the applicant’s projects. The applicant’s projects, indication of whom the DoE submits its monitoring reports to and what the subsequent actions are. The applicant also could not provide evidence that the relevant DoE staff have the knowledge of Performance Standards 1 to 8 of the GCF interim ESS to carry out effective supervision and monitoring of the applicant’s projects. Furthermore, the applicant could not provide a sample of DoE monitoring reports of the applicant’s projects. Although one construction monitoring plan and some weekly monitoring plans were provided, these do not reflect the Performance Standards 1 to 8 of the GCF interim ESS. The applicant also has not clarified the roles and responsibilities of the applicant’s own staff in monitoring and reporting on environmental management actions. The applicant indicated that all of the monitoring and reporting on E&S matters, including the demarcation of responsibilities and skills and competencies required between its own institution and that of the DoE will be addressed in its new ESS policy to be developed in the coming months.

3.2.6 **Section 6.6: External communications**

41. The applicant has not provided any information on its external communication channels such as a website that allow the applicant to: receive and register external communications from the public; screen and assess issues raised and determine how to address them; and provide, track and document responses. The applicant’s website only has a section on customer complaints. The applicant provided its complaint guidelines, but these do not specifically mention anything about E&S-related matters. The applicant also provided a log of complaints received, but they are mostly found to be related to the applicant’s commercial customer services and none are on E&S-related matters on its projects.

42. The applicant has a policy on the public disclosure of E&S information for E&S risk Category B/1-2 for 21 days in advance of project consideration by its board. However, the duration of public disclosure is not in line with the requirements of the GCF Information Disclosure policy for the public disclosure of E&S information for E&S risk Category B/1-2 projects/programmes. The applicant has indicated that it will develop a policy on the public disclosure of E&S information to be in line with the GCF Information Disclosure policy in due course. However, it should be noted that for E&S risk Category C/1-3, public disclosure of E&S information in advance of consideration by the GCF or the applicant’s board is not required.

3.3 **Gender**

43. The applicant provided its draft gender policy and has recognized that it is not yet in line with the requirements of the GCF Gender policy. The applicant has stated that it will be working in consultation with a gender specialist on further development of the policy to conform to the national gender policy, as well as to the requirements of the GCF Gender policy. It expects to complete the policy by the end of October 2017 following internal and public consultations. The
applicant has stated that its gender policy will indicate its intention to secure and formalize non-discriminatory practices in all of its future projects, including GCF-funded projects/programmes. The applicant indicated its intention to identify and nominate personnel responsible for the development and implementation of its gender policy and related practices.

As of January 2017, the number of loans made directly to women totalled 491, comprising over FJD 20 million of the applicant’s overall lending portfolio. Several of these loans include mitigation or adaptation-related initiatives; for example, funding to women to purchase solar equipment to start a store or business in a remote area (ranging from resort ownership to running a small village store). One key example of the applicant’s involvement with climate change and gender financing involves sustainable energy financing, which is part of the Government of Fiji’s plan to convert electricity generation from fossil fuel to renewable sources and to reduce fuel imports. Sustainable energy financing supports key renewable energy systems, including solar photovoltaic systems, pico (a hydro system and fuel switching system where coconut oil will be used as a diesel fuel alternative for generating electricity), wind, biomass, biogas, wave, tide and geothermal systems.

IV. Conclusions and recommendation

4.1 Conclusions

45. Following its assessment, the AP concludes the following in relation to the application:

(a) The applicant partially meets the requirements of the basic fiduciary standards, specialized fiduciary standard for project management and specialized fiduciary standard for on-lending and/or blending for loans, equity and guarantees in relation to the GCF micro size category, and not for the GCF small size category. The main gaps are as follows: an enterprise-wide risk management framework; internal controls; public disclosure; third-party procurement standards; principles of prohibited practices; monitoring and application of the applicant’s credit methodology; and an independent evaluation function. However, the applicant has demonstrated that for the most part it is proactively addressing these gaps. It should be noted that the applicant has a development mandate and as such the nature of its portfolio is transparently targeted to riskier projects and, therefore, it would benefit from blending GCF funds to enhance its ability to fund climate change-related projects. Regarding equity and guarantees, the applicant has not provided any significant information to demonstrate its track record, although the applicant offers two guarantee products and has relevant procedures for providing such offerings. The inclusion of these financial instruments as part of the AP’s recommendation, therefore, provides for an elevated level of due diligence and monitoring of these instruments.

(b) The applicant partially meets the requirements of the GCF interim ESS in relation to the minimal to no E&S risk (Category C/I-3). The applicant’s current ESMS, which is largely based on its national E&S regulations, is not in line with the GCF interim ESS in a number of respects, as described in section 3.2 above. The applicant does not meet the requirements of the GCF interim ESS in relation to the medium E&S risk (Category B/I-2); and

(c) Neither the applicant’s current gender policy nor the competencies required to implement its gender policy are consistent with the GCF Gender policy. However, the applicant has provided sample of project documents as evidence of its experience in

7 As per annex I to decision B.08/02, “micro” is defined as “maximum total projected costs at the time of application, irrespective of the portion that is funded by the GCF, of up to and including USD 10 million for an individual project or an activity within a programme”. 


lending to both men and women, as well as with gender considerations in the context of climate change in its lending operations. The applicant has agreed to update its gender policy and develop associated procedures as well as the required competencies to implement its new gender policy.

4.2 Recommendation on accreditation

46. The AP recommends, for consideration by the Board, applicant APL058 for accreditation as follows:

(a) **Accreditation type:**

(i) **Maximum size of an individual project or activity within a programme:** micro;

(ii) **Fiduciary functions:**

1. Basic fiduciary standards;
2. Specialized fiduciary standard for project management; and
3. Specialized fiduciary standard for on-lending and/or blending (for loans, equity and guarantees); and

(iii) **Maximum environmental and social risk category:** minimal to no risk (Category C/Intermediation 3 (I-3)); and

(b) **Conditions:** the applicant will be required to submit to the AP, through the Secretariat, information on how it has complied with the conditions. The AP will thereafter assess whether the conditions have been met. This assessment will be communicated by the Secretariat, on behalf of the AP, to the Board for information purposes;

(i) Conditions to be met prior to the submission of the first funding proposal to the GCF:

1. Develop its information disclosure policy and provide evidence of an established system of disclosure which complies with the requirements of the GCF fiduciary standard for on-lending and/or blending for the disclosure of project/programme information, including providing access to information on the applicant’s website;

2. Provide an anti-money laundering and countering the financing of terrorism policy consistent with the GCF interim policy on prohibited practices, including providing access to this policy on the applicant’s website. Furthermore, the applicant is required to provide evidence of an established system mainstreamed in its lending manuals to ensure consistency with the GCF interim policy on prohibited practices both for its own operations and that of its executing entities for projects/programmes financed by the GCF. This includes making provision for prohibited practices in financing agreements and the procurement of goods and services, where relevant;

3. Provide an organizational chart indicating where the designated staff members responsible for making E&S risk categorization decisions are located in the organization and their reporting lines; and

4. Finalize and provide the new gender policy that is under development and identify the associated procedures, tools and competencies required to implement the gender policy; and
(ii) Conditions to be met prior to the first disbursement by the GCF for the first approved project/programme to be undertaken by the applicant:

1. Provide evidence of the establishment of an external communication channel, which may include a website to receive, register and respond to any E&S-related complaints;
2. Complete the design of, and integrate in its operations (strategy, policy, procedures, systems), the applicant’s enterprise-wide risk management and control framework as anticipated in the applicant’s Enterprise Wide Risk Management Development and Implementation Plan, including provision within the control framework for an independent evaluation function which reviews the applicant’s Credit Assessment Memorandum;
3. Develop a procurement policy for GCF-funded projects/programmes which is disclosed on the applicant’s website, and mainstream the policy in the applicant’s lending manuals to ensure that the procurement processes for all of the projects financed by the GCF are fair and transparent, promote efficient procurement and provide for a dispute resolution process and public disclosure of contract award;
4. Provide a written progress report from the applicant’s management to demonstrate the steps the applicant has taken to address all of the recommendations of the independent credit review. The progress report should, among other things, include:
   a. A thorough risk audit prior to any new activities being commenced, which would include the plans to become a deposit-taking institution and the re-introduction of any new micro-finance lending activities by the applicant; and
   b. An update or completed review of the applicant’s credit policy, which should include further guidance on the exceptions to the applicant’s credit policy; and
5. Update the terms of reference of the credit risk subcommittee of the applicant’s board;

(iii) Conditions to be met on an annual basis for three consecutive years starting with the applicant’s financial year 2017/2018:

1. Provide an annual audit plan and an annual audit report including an external audit of the first GCF-funded project, if any and, if different, of the first GCF-funded project that involves guarantees and equity investments by and from the GCF, respectively, once the project is under implementation, and a final independent evaluation. The period of reporting may be extended depending on the commencement date of the project(s); and
2. Provide progress reports on the items mentioned in the credit review, as listed in paragraph 47(b) (ii) 4 above.

47. The applicant has been informed of the recommendation for accreditation, including the accreditation type and conditions, as identified in paragraph 47 (b) above, and agrees to the recommendation.

4.3 Remarks
48. The applicant may wish to consider demonstrating a greater degree of ESMS maturity by building its experience in implementing higher risk projects and programmes, and through a system for public disclosure of E&S risk information. Regarding building its experience in implementing higher E&S risk projects and programmes, the applicant may, in the future, wish to consider applying for an upgrade in its accreditation scope for the medium E&S risk Category B/I-2.

49. The applicant has confirmed that the GCF engagement will be initiated, developed, appraised and monitored by the Corporate Division of the applicant.

50. The applicant is encouraged to seek readiness and preparatory support where applicable to assist it with meeting the conditions identified in paragraph 47 (b) (i)–(ii) above.

51. The applicant is already taking steps to meet the conditions identified in paragraph 47 (b) (ii) 2–3 above.
Annex VI: Accreditation assessment of Applicant 059 (APL059)

I. Introduction

1. Applicant 059 (APL059), the Palli Karma-Sahayak Foundation (PKSF), is a national public sector direct access entity working as a sustainable platform for government to non-government organization collaboration based in Bangladesh, with a mission of sustainable poverty eradication in Bangladesh by undertaking multidimensional human-centered development programmes.

2. The applicant submitted its application for accreditation to the Secretariat via the Online Accreditation System on 14 November 2015. The Stage I institutional assessment and completeness check was completed on 2 February 2017 and was progressed to the Stage II (Step 1) accreditation review, which has been concluded with the publication of this assessment. The applicant has applied to be accredited for the following parameters under the fit-for-purpose approach of the GCF:

   (a) **Access modality**: direct access, national. The applicant received a national designated authority nomination for its accreditation application from Bangladesh;

   (b) **Track**: normal track;

   (c) **Maximum size of an individual project or activity within a programme**: small;¹

   (d) **Fiduciary functions**:²

      (i) Basic fiduciary standards;

      (ii) Specialized fiduciary standard for project management;

      (iii) Specialized fiduciary standard for grant award and/or funding allocation mechanisms; and

      (iv) Specialized fiduciary standard for on-lending and/or blending (for loans); and

   (e) **Maximum environmental and social risk category**: minimal to no risk (Category C/Intermediation 3 (I-3)).³

II. Stage I institutional assessment and completeness check

3. The applicant applied under the normal track accreditation process, and was assessed by the Secretariat during Stage I.

2.1 Legal status, registration, permits and licences

4. The applicant provided documents on its establishment and licences to operate, where relevant, as a part of the application. PKSF was established by the Government of Bangladesh in 1990 and is registered under the Companies Act of 1913/1994 with the registrar of Joint Stock Companies as a not-for-profit company.

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¹ As per annex I to decision B.08/02 (annex I to document GCF/B.08/45), “small” is defined as “maximum total projected costs at the time of application, irrespective of the portion that is funded by the GCF, of above USD 10 million and up to and including USD 50 million for an individual project or an activity within a programme”.

² Decision B.07/02.

³ As per annex I to decision B.07/02 (annex I to document GCF/B.07/11), Category C is defined as “Activities with minimal or no adverse environmental and/or social risks and/or impacts” and Intermediation 3 is defined as “When an intermediary’s existing or proposed portfolio includes financial exposure to activities that predominantly have minimal or negligible adverse environmental and/or social impacts”.

2.2 Institutional presence and relevant networks

5. The applicant has 276 partner organizations (which are grass roots level non-governmental organizations) in different districts of Bangladesh through which the applicant manages all of the lending and development activities. Its partnership organizations comprise some 12.37 million members, of which 91 per cent are women, working through 8,064 branches. The applicant has been working with its partners for the past 26 years and has acquired a track record in undertaking projects in the financial sector, agriculture and livelihood, health, education, community-based infrastructure, and cross-cutting sectors including environment and climate change.

6. The applicant has: nine core programmes, some of which include inclusive financial services; an enterprise development programme; social protection and capacity-building programmes; an advocacy and knowledge management programme; a research and development programmes; and environment and climate change programmes. In 2016, PKSF established its Environment and Climate Change Unit, which is comprises seven permanent staff and is headed by a director. This Unit is tasked with addressing climate change adaptation and mitigation issues such as climate resilient infrastructure and livelihoods, particularly at the community level.

7. In order to advance the objectives of the GCF, the applicant intends to undertake community-based adaptation and mitigation activities to enhance the resilience of people in Bangladesh to the adverse effects of climate change. Specifically, the applicant plans to promote energy saving by introducing improved cook stoves and biogas plants at the community level, and to undertake activities that will reduce greenhouse gas emissions, such as increasing the solar home systems and solar-powered irrigation systems at the community level.

2.3 Track record

8. The applicant intends to continue working with the Government of Bangladesh and its partner organizations in order to assist Bangladesh to enhance the resilience of its population to the adverse effects of climate change by implementing activities involving multiple dimensions of human livelihood.

9. The applicant has been working with partner organizations at the grass roots level and with people – particularly women – at the local community level. The applicant has indicated that it has successfully implemented its adaptation programmes and projects by maintaining management of environmental and social safeguard (ESS) issues. For example, the applicant provided capacity-building, social awareness training and knowledge management to beneficiaries during the implementation of projects.

10. The applicant has disbursed USD 3.5 billion to its partner organizations, which in turn have disbursed USD 31.06 billion to its members, through various activities. The applicant’s track record in financing climate change related projects includes the following, which fall within the GCF small and medium size categories.

(a) USD 13 million (grant and loan) for the Community Climate Change Project in Bangladesh;

(b) USD 14.1 million (grant and loan) for the Food Security 2012 Bangladesh-Ujjibito, Ultra Poor Programme;

(c) USD 22.45 million of USD 92.85 million (grant and loan) for the project Promoting Agricultural Commercialization and Enterprise to ensure food security and livelihood security in Bangladesh; and
(d) USD 17 million (grant and loan) for Enhancing Resources and Increasing Capacities of the Poor Households towards Elimination of Their Poverty in Bangladesh.

III. Stage II accreditation review assessment

11. The applicant applied under the normal track accreditation process, and was assessed against the standards of the GCF by the Accreditation Panel (AP) during Stage II (Step 1).

12. As part of this assessment, the AP consulted the applicant's website to complement the information provided in the application.

3.1 Fiduciary standards

3.1.1 Section 4.1: Basic fiduciary standards: key administrative and financial capacities

13. The applicant has a clearly defined governance structure that is designed to ensure that the institution achieves its mission. At the top of the structure is the General Body responsible for the overall policy direction of PKSF. Next in hierarchy is the Governing Body whose primary role is to ensure that the applicant's operations are consistent with its vision and mission. It carries out this role through the approval of loans, grants and other forms of financial assistance to the applicant's partner organizations. The governance structure comprises several other oversight bodies, including an ethics committee and an audit committee. The applicant's executive management team is headed by a managing director.

14. The applicant's financial statements are prepared in accordance with international accounting standards and international financial reporting standards, as adopted by the Institute of Chartered Accountants of Bangladesh. The applicant has a sound financial information system designed to ensure, among other things, proper record keeping, prudent revenue–expenditure management and an efficient payments and disbursements system. Disbursement of funds by the applicant's partner organizations and to the ultimate users of loan proceeds is periodically audited by the applicant's Internal Audit Department.

15. The applicant has an independent audit committee, which oversees the work of the Internal Audit Department and the applicant's external auditor with the emphasis on the audit of financial statements, control systems and reporting. The applicant's audit committee has the expertise and independence to effectively carry out its designated role. The applicant's internal audit function is independent and able to perform its duties objectively. The applicant has recently put in place a process and procedures to monitor and assess the overall effectiveness of the internal audit function, and will provide evidence of the implementation of the process and procedures after an assessment has been undertaken for the financial year 2017–2018.

16. The applicant's financial statements are audited by independent external auditors affiliated with international audit firms. The external auditors assert that the audits are conducted in accordance with International Standards on Auditing, as adopted in Bangladesh. The external auditor's observations and recommendations are regularly reviewed by the audit committee.

17. The applicant has a procurement policy which is based on the Public Procurement Rules of the Government of Bangladesh. For donor-funded projects the applicant follows the donors’ guidelines where required. The applicant has an adequate mechanism for the assessment and oversight of the procurement procedures and practices of project executing entities. A procurement complaint handling mechanism has recently been put in place.
3.1.2 **Section 4.2: Basic fiduciary standards: transparency and accountability**

18. The applicant has a code of ethics which is applicable to all of its employees and other parties with which it has a functional relationship, including partner organizations through which PKSF implements its activities. An ethics committee appointed by the Governing Body is responsible for oversight of the ethics function. The code of ethics is complemented by a policy on zero tolerance of fraud, financial mismanagement and other forms of misconduct. A committee consisting of senior staff appointed by the Managing Director is responsible for investigating cases of fraud, corruption and other forms of misconduct.

19. The applicant has experience and a track record in accessing financial resources from national and international sources, such as the Asian Development Bank, the United Kingdom Department of International Development, the United States Agency for International Development and the World Bank. The applicant has demonstrated that it has capacity to effectively handle funding provided by the GCF.

20. To combat money laundering and the financing of terrorism, the applicant relies on the Bangladesh Central Bank’s Anti-Money Laundering Act of 2012 and Guidance Notes on the Prevention of Money Laundering and Financing of Terrorism. The applicant has adequate “know-your-customer” due diligence procedures to ensure that the parties with which it has business relationships are not involved in money laundering or the financing of terrorism. The applicant does not use electronic fund transfers to make or receive payments. As such, it monitors payments and receipt of funds through the use of monthly bank reconciliation statements to check and verify that funds deposited into its accounts are from expected sources, and funds remitted from its accounts are remitted to bona fide recipients.

21. While the applicant meets all other GCF requirements for the basic fiduciary standard relating to transparency and accountability, it does not have:

   (a) A policy on financial disclosures of conflict of interest; or

   (b) A policy or mechanism for protecting whistle-blowers who report violations of the applicant’s code of ethics and anti-fraud or anti-corruption policies.

22. However, the applicant is taking appropriate steps to address these shortfalls in meeting GCF requirements.

3.1.3 **Section 5.1: Specialized fiduciary standard for project management**

23. The applicant has well-established project preparation, appraisal and risk assessment policies and procedures. These provide guidance and templates for incorporating technical, financial, economic and legal aspects as well as possible environmental, social and climate change aspects, into the funding proposal at the appraisal stage. Examples of projects undertaken in the last three years demonstrate effective implementation of the policies and procedures.

24. The applicant has a documented monitoring and evaluation function whose main purpose is to track and report on project status during the implementation phase. The applicant currently does not publish monitoring and evaluation reports as required by GCF fiduciary standard for project management. However, the applicant is in the process of putting in place and implementing the necessary disclosure policy for the publication of monitoring and evaluation reports in order to comply with GCF requirements.

25. The applicant’s project closure policy and procedures include provisions for independent evaluation and reporting on results achieved, lessons learned and recommendations for improvement in the design of future projects. As required by the evaluation disclosure policy, evaluation reports and results are publicly disclosed and
disseminated widely to parties directly or indirectly involved in the projects financed by the applicant. A list of institutions to which evaluation reports are disseminated was provided.

26. The applicant has a project-at-risk system for the early identification of project problems that may interfere with the achievement of project objectives, if not addressed in a timely manner. Examples of project problems identified and addressed to demonstrate effectiveness of the system were provided.

3.1.4 Section 5.2: Specialized fiduciary standard for grant award and/or funding allocation mechanisms

27. The applicant has a well-developed grant award system that includes defined roles and responsibilities of the management and staff responsible for the evaluation and approval of grant applications. Grant notices and calls for proposals are published on the applicant’s website and in four national newspapers (two in Bangla and two in English) to ensure that the broadest possible number of potential recipients is aware of the grant opportunities and of the specific requirements and processes to be followed in the selection of grantees.

28. Based on the information and supporting documentation provided, the AP concluded that:

(a) The applicant has a sound due-diligence framework for assessing the eligibility and capabilities of potential grant recipients;

(b) The team responsible for the evaluation of grant applications has the required competencies and independence to undertake evaluations and recommend grant awards;

(c) Grant evaluation and award decisions comply with the applicant’s grant award policies and procedures; and

(d) Grant award decisions are taken by the persons with the requisite authority.

29. The applicant also demonstrated that it has adequate checks and procedures in place for:

(a) Ensuring that grants are not awarded retrospectively for activities already started or completed at the time of the application; and

(b) The suspension or termination of grant awards in the event of the beneficiaries failing to comply with their obligations.

30. The applicant’s grant award system also has adequate provisions for:

(a) Procurement rules and procedures, which the grant beneficiaries are required to apply;

(b) Periodic independent reviews and audits of its grant award activities;

(c) Recovery of funds disbursed to recipients, in respect of expenditures which are unauthorized or fall outside the scope of the approved grant-funded activities; and

(d) Monitoring and evaluation of the implementation progress of grant-funded projects.

31. It was noted that the applicant does not have a system in place for providing access by the public to information on the progress of individual projects. However, the applicant is in the process of putting such a system in place.

3.1.5 Section 5.3: Specialized fiduciary standard for on-lending and/or blending

32. The applicant’s on-lending and blending activities are guided by a set of operational policies, procedures and guidelines, including project preparation and appraisal guidelines, an operational manual, lending policy and credit risk management guidelines. The sample project
appraisal reports provided are comprehensive and contain all the pertinent areas that are
normally contained in a complete due diligence report. The applicant has a proven track record
of receiving and on-lending and blending resources from different international and multilateral
funding sources, such as the Asian Development Bank, the United Kingdom Department for
International Development, the United States Agency for International Development and the
World Bank.

33. The applicant has a transparent disclosure policy through which it provides to the
public access to information on beneficiaries and results of its on-lending and blending
operations. While the evidence provided clearly demonstrates effective implementation of the
public disclosure policy with respect to project beneficiaries and project results, the applicant
has not put in place a policy on the provision of information to the public regarding its decisions
on on-lending and blending operations as required by the GCF for the specialized fiduciary
standard for on-lending and/or blending. However, the applicant is taking appropriate steps to
develop and implement the required policy.

34. The applicant has appropriate procedures which provide the required assurance that
the financing it provides is channelled transparently and used effectively. The applicant
provided evidence of its audit function, which confirms that funds are channelled transparently
and used effectively. It also provided information which shows that advantages to final
beneficiaries of projects it finances are regularly monitored and evaluated.

3.2 Environmental and social safeguards

3.2.1 Section 6.1: Policy

35. As the activities planned for implementation by the applicant would be under the
environmental and social (E&S) risk Category C/I-3, the applicant is not required to have a
formal ESS policy. Nevertheless, in January 2012 the applicant adopted its environmental
management framework (EMF) and social management framework (SMF), which together
reflect the applicant's E&S objectives, key principles which guide the applicant, as well as the
ESS standards it applies to its projects, which has been found to be consistent with the
Performance Standards 1 to 8 of the GCF interim ESS.

3.2.2 Section 6.2: Identification of risks and impacts

36. The applicant’s EMF and SMF describe its process to screen projects to identify E&S
risks and impacts against Performance Standards 1 to 8 of the GCF interim ESS. The applicant
has provided evidence in the form of sample projects that consistently confirm the E&S risk
category as Category C/I-3. The project officers in the field having the necessary experience and
skills are responsible for performing environmental screening using the screening form
checklist to identify any potential adverse impacts likely to arise from the project activities.

3.2.3 Section 6.3: Management programme

37. The applicant's EMF and SMF describe its institutional process to identify and manage
E&S risks (including unanticipated risks and impacts), and the applicant has in place
experienced staff with designated roles and responsibility for implementing the projects. The
applicant also provided a sample of quarterly project monitoring reports as evidence of its
capability to manage mitigation measures related to the E&S risk and impacts identified in
projects.
3.2.4 **Section 6.4: Organizational capacity and competency**

38. The applicant provided information on its organizational structure showing designated staff, including their qualifications and knowledge about Performance Standards 1 to 8 of the GCF interim ESS, who can properly categorize potential funding proposals through an E&S risk screening process. The applicant also provided evidence of its relevant staff having undertaken training on E&S matters.

3.2.5 **Section 6.5: Monitoring and review**

39. The applicant provided a description of its institutional system on the monitoring and review of projects to ensure that there have been no scope changes or unanticipated E&S impacts or risks requiring mitigation and management in line with the E&S risk Category C/1-3. The E&S risk focal person within the applicant’s organization and its project office monitor the compliance of projects against E&S risk requirements. Quarterly reports of project compliance with E&S risk requirements are mandatory, and a sample of such reports were provided by the applicant.

3.2.6 **Section 6.6: External communications**

40. The applicant has provided information on its external communication channels including a website. It has introduced a grievance redress mechanism under its SMF, which addresses the issue of public comments and grievances. It also screens and assesses issues raised and determines how to address them, and tracks and documents responses. The applicant has a register for the redress of grievances, but it has not yet received any written complaints. The grievances communicated verbally are addressed in a group meeting at the project office-level working with the project beneficiaries.

41. The applicant agrees to comply with the GCF Information Disclosure policy regarding E&S information for funding proposals and projects/programmes. However, both the applicant and the AP note that as per the GCF Information Disclosure policy, no advance disclosure of E&S information is required for the E&S risk Category C/1-3 for which the applicant has applied for accreditation.

3.3 **Gender**

42. The applicant’s gender policy, which was adopted in September 2015, as well as the applicant’s competency in implementing its gender policy, are in line with the requirements of the GCF Gender policy. The applicant has been working for the past 26 years with the poor, ultrapoor and marginalized people. The applicant’s project data shows that more than 90 per cent of its beneficiaries are women, as they are mostly poor and ultrapoor. The applicant provided a sample of projects which demonstrate the link between gender and climate change adaptation, and which shows that the projects benefit both men and women, and reflect non-discriminatory practices in terms of benefits and remuneration for both men and women.

### IV. Conclusions and recommendation

#### 4.1 Conclusions

43. Following its assessment, the AP concludes the following in relation to the application:

(a) The applicant meets the requirements of the basic fiduciary standards for key administrative and financial capacities. However, it only partially meets the basic
fiduciary standards for transparency and accountability, the specialized fiduciary standard for project management, the specialized fiduciary standard for grant award and/or funding allocation mechanisms, and the specialized fiduciary standard for on-lending and/or blending (for loans). The applicant does not have a policy on financial disclosure of conflicts of interest; nor a mechanism for protecting whistle-blowers. It currently does not publish monitoring and evaluation reports as required by the GCF fiduciary standard for project management and it does not have a system in place for providing access to the public to information on the progress of individual projects. The applicant also does not have in place a policy on the provision of information to the public regarding its decisions on on-lending and blending operations;

(b) The applicant meets the requirements of the GCF interim ESS in relation to the minimal to no E&S risk (Category C/I-3); and

(c) The applicant has demonstrated that it has competencies, policies and procedures to implement its gender policy, which is found to be consistent with the GCF Gender policy, and has demonstrated that it has experience with gender considerations in the context of climate change.

4.2 Recommendation on accreditation

44. The AP recommends, for consideration by the Board, applicant APL059 for accreditation as follows:

(a) Accreditation type:

(i) Maximum size of an individual project or activity within a programme: small (including micro4);

(ii) Fiduciary functions:

1. Basic fiduciary standards;
2. Specialized fiduciary standard for project management;
3. Specialized fiduciary standard for grant award and/or funding allocation mechanisms; and
4. Specialized fiduciary standard for on-lending and/or blending (for loans); and

(iii) Maximum environmental and social risk category: minimal to no risk (Category C/I-3); and

(b) Conditions: the applicant will be required to submit to the AP, through the Secretariat, information on how it has complied with the conditions. The AP will thereafter assess whether the conditions have been met. This assessment will be communicated by the Secretariat, on behalf of the AP, to the Board for information purposes;

(i) Conditions to be met prior to the first disbursement by the GCF for the first approved project/programme to be undertaken by the applicant:

1. Provide evidence of an assessment of the effectiveness of the applicant’s internal audit function;
2. Provide a copy of a policy on the disclosure of financial conflicts of interest;

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4 As per annex I to decision B.08/02, “micro” is defined as “maximum total projected costs at the time of application, irrespective of the portion that is funded by the GCF, of up to and including USD 10 million for an individual project or an activity within a programme.”
3. Provide a copy of a whistle-blower protection policy or mechanism;

4. Provide a copy of a policy on the public disclosure of project/programme monitoring and evaluation reports, including information on the periodic progress of individual projects; and

5. Provide a copy of a policy and guidelines on the public disclosure of information on the applicant’s decisions on on-lending and blending operations;

(ii) Conditions to be met within the first 15 months of the first disbursement by the GCF for the first approved project/programme undertaken by the applicant:

1. Provide evidence of the implementation of a policy on the public disclosure of project monitoring and evaluation reports, including information on the periodic progress of individual projects; and

2. Provide evidence of the implementation of a policy and guidelines on the public disclosure of information on the applicant’s decisions on on-lending and blending operations; and

(iii) Condition to be met on an annual basis for three consecutive years, starting after the twelfth month following the first disbursement for any GCF-financed project/programme undertaken by the applicant:

1. Provide evidence of the publication of project monitoring and evaluation reports of all GCF-funded projects/programmes.

45. The applicant has been informed of the recommendation for accreditation, including the accreditation type and conditions, as identified in paragraph 44 (b) above, and agrees to the recommendation.

4.3 Remarks

46. The applicant is already taking steps to meet the conditions identified in paragraph 44 (b) (i) above.

47. The applicant demonstrates a greater degree of maturity in its environmental and social management than is required by the GCF interim ESS for the E&S risk Category C/I-3, against which the applicant is seeking accreditation. Building its experience in implementing higher E&S risk projects and programmes, the applicant may, in the future, wish to consider applying for an upgrade in its accreditation scope for the medium E&S risk Category B/Intermediation 2.
Annex VII: Accreditation assessment of Applicant 060 (APL060)

I. Introduction

1. Applicant 060 (APL060), the Sahara and Sahel Observatory (OSS), is a regional entity in Africa that aims to serve as an international framework for partnership and dialogue in the fight against desertification and in the attenuation of the effects of drought, the adaptation to climate change and the protection of biodiversity. The applicant supports the efforts of its member countries in the Sahara-Sahel region in the fields of natural resource management and sustainable development, particularly on key themes such as land degradation, desertification, drought and the adverse impacts of climate change on ecosystems and populations.

2. The applicant submitted its application for accreditation to the Secretariat via the Online Accreditation System on 11 February 2016. The Stage I institutional assessment and completeness check was completed on 30 June 2017 and was progressed to the Stage II (Step 1) accreditation review, which has been concluded with the publication of this assessment. The applicant has applied to be accredited for the following parameters under the fit-for-purpose approach of the GCF:

   (a) **Access modality**: direct access, regional. The applicant received a national designated authority or focal point nomination for its accreditation application from Tunisia;

   (b) **Track**: fast-track under the Adaptation Fund;

   (c) **Maximum size of an individual project or activity within a programme**: micro;

   (d) **Fiduciary functions**: 2

      (i) Basic fiduciary standards;

      (ii) Specialized fiduciary standard for project management;

      (iii) Specialized fiduciary standard for grant award and/or funding allocation mechanisms;

   (e) **Maximum environmental and social risk category**: medium risk (Category B/Intermediation 2 (I-2)).

II. Stage I institutional assessment and completeness check

3. The applicant is eligible for, and applied under, the fast-track accreditation process as an Adaptation Fund accredited entity. Its application has been assessed by the Secretariat during Stage I in accordance with the requirements and gaps identified in decision B.08/03.

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1 As per annex I to decision B.08/02 (annex I to document GCF/B.08/45), “micro” is defined as “maximum total projected costs at the time of application, irrespective of the portion that is funded by the GCF, of up to and including USD 10 million for an individual project or an activity within a programme”.

2 Decision B.07/02.

3 As per annex I to decision B.07/02 (annex I to document GCF/B.07/11), Category B is defined as “Activities with potential mild adverse environmental and/or social risks and/or impacts that are few in number, generally site specific, largely reversible, and readily addressed through mitigation measures” and Intermediation 2 is defined as “When an intermediary’s existing or proposed portfolio includes, or is expected to include, substantial financial exposure to activities with potential limited adverse environmental or social risks and/or impacts that are few in number, generally site specific, largely reversible, and readily addressed through mitigation measures; or includes a very limited number of activities with potential significant adverse environmental and/or social risks and/or impacts that are diverse, irreversible, or unprecedented”.

2.1 Legal status, registration, permits and licences

4. The applicant provided documents on its establishment and licences to operate, where relevant, as a part of the application. OSS was established as an international organization in Paris, France, on 15 May 1992, under the Declaration of the Inaugural Conference on the creation of the Sahara and Sahel Observatory. The agreement on the establishment and functioning of OSS was later concluded in Paris on 18 June 1999 between the Government of the Tunisian Republic and the United Nations Educational, Scientific and Cultural Organization, and has been ratified by Law No. 2000-12 of 7 February 2000.

2.2 Institutional presence and relevant networks

5. Based in Tunis, Tunisia, since 2000, the applicant has a strong regional presence in Africa and comprises 22 Member States in Africa, 4 six non-regional countries, 13 member organizations (including subregional organizations representing West Africa, East Africa and North Africa and non-governmental organizations) and various financial partners. OSS primarily operates in the Sahel and Sahara region (Burkina Faso, Cape Verde, Chad, Côte d’Ivoire, Djibouti, Egypt, Eritrea, Ethiopia, Gambia, Guinea-Bissau, Kenya, Libya, Mali, Mauritania, Morocco, Niger, Senegal, Somalia, Sudan, Tunisia and Uganda), but also in the Middle East and North Africa region (Algeria, Egypt, Jordan, Libya, Morocco and Tunisia).

6. In order to advance the objectives of the GCF, the applicant aims to catalyse impact beyond a one-off investment, by: ensuring environmental, social and economic co-benefits, as well as gender and youth-sensitive development impacts; addressing vulnerability; and being country-driven and country-owned. It also intends to provide a framework for international partnerships dedicated to sustainable development in the Sahara-Sahel region. In particular, OSS plans to focus its activities on:

(a) Water: to promote cooperation on shared water resources and to bridge knowledge gaps on the Sahara-Sahel region’s transboundary aquifer basins;

(b) Land: to provide the knowledge base for natural resource management, and to strengthen national systems of environmental observation and monitoring-evaluation; and

(c) Cross-cutting themes: climate and populations.

7. The applicant intends to focus its GCF-funded activities on the following GCF key results areas:

(a) Adaptation: ecosystems and ecosystem services; livelihoods of people and communities; food, water security and health; and infrastructure and the built environment; and

(b) Mitigation: land use, deforestation, forest degradation and transforming energy generation and access.

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5 Belgium, Canada, France, Germany, Italy and Switzerland.

2.3 Track record

8. With a focus on supporting the efforts of its member countries in the Sahara-Sahel region in the fields of natural resource management and sustainable development, the applicant’s activities are in areas of climate change adaptation and resilience, environmental monitoring, joint management of transboundary aquifers, integrated water resources management, disaster-risk reduction, support for the implementation of multilateral environmental agreements, land degradation and desertification issues, socioeconomic and agricultural aspects pertaining to water demand, and transitioning to a green economy. Such activities fall within the GCF environmental and social (E&S) risk Category B/I-2 or lower E&S risk levels.

9. The applicant’s track record in financing climate change-related projects includes the following, which fall within the GCF micro size category:

(a) USD 5.36 million (grants) for Resilience Improvement of West African Populations to Environmental Changes;

(b) USD 2.6 million (grants) for Système Aquifère du Sahara Septentrional III Operational Recommendations for a Sustainable Management of the Water Resource of the Northern Sahara Aquifer System;

(c) USD 1.5 million (grants) for Building Resilience through Innovation, Communication and Knowledge; and

(d) USD 1 million (grants) for the Middle East and North Africa Desert Ecosystems and Livelihoods Knowledge Sharing and Coordination project.

III. Stage II accreditation review assessment

(a) The applicant is eligible for, and applied under, the fast-track accreditation process as an Adaptation Fund entity. Its application has been assessed by the Accreditation Panel (AP) during Stage II (Step 1) against the standards of the GCF in accordance with the requirements and gaps identified in decision B.08/03.

(b) As part of this assessment, the AP consulted the applicant’s website and third-party websites to complement the information provided in the application.

3.1 Fiduciary standards

3.1.1 Section 4.1: Basic fiduciary standards: key administrative and financial capacities

10. As per paragraph 10 above, the basic fiduciary standards concerning key administrative and financial capacities is considered to have been met by way of fast-track accreditation.

3.1.2 Section 4.2: Basic fiduciary standards: transparency and accountability

11. As per paragraph 10 above, the basic fiduciary standards of the accreditation application concerning transparency and accountability have been met by way of fast-track accreditation, with the exception of item 4.2.4, investigation function, and item 4.2.5, anti-money laundering and countering the financing of terrorism policies.

12. Regarding item 4.2.4 of the accreditation application, the applicant has an investigation function and policies in place, as well as anti-fraud and anti-corruption policies which all the staff members of the organization as well as internal and external auditors are committed to uphold.
13. The applicant has incorporated controlling and preventive systems aimed at eliminating all forms of financial malpractice and mismanagement. The applicant has a designated bureau in place that has a mandate within the applicant's executive board to investigate potential incidents of fraud and corruption in an efficient and timely manner.

14. The whistle-blower protection policy, the investigation procedure and the mechanism that allows the public to launch complaints are available on a dedicated webpage. All staff members have to sign the declaration of non-acceptance of all forms of prohibited practices. Examples of forms signed by accounting and procurement staff members were provided.

15. The applicant has provided a statement that, due to the strict adherence to the anti-fraud and anti-corruption policies, there have been no fraud or corruption-related investigations in the three years prior to the submission of the application.

16. Regarding item 4.2.5 of the accreditation application, the applicant adheres to its internal procedure on prohibited practices (fraud prevention), which is available on the applicant's website, as well as to the anti-money laundering and countering the financing of terrorism policies contained in the regulations of the host country where the applicant's headquarters is located with regard to the operations of the commercial banks.

17. The applicant’s policy on prohibited practices is found to be fully in line with the GCF interim policy on prohibited practices.

18. The regulations of the host country where the applicant's headquarters are located require banks to verify the origin of funds and the existence of pre-trade and financial relationships supporting the flow of all cash exceeding a threshold of USD 1,500. All of the cash flows are cross-checked against the original invoice to justify the transaction. For incoming transactions to the applicant’s account a declaration is issued by the customs office before entering the host country territory. The applicant’s policy bans the use of cash in order to comply with the regulation of the host country where the applicant’s headquarters are located and with the applicant's statutes.

19. To ensure the absence of incidents of fraud, corruption, money-laundering and financing of terrorism, each project is managed by different experts with the applicant's organization, for which there are separate bank accounts, and each project must meet the requirements for the control of expenditures as specified in the relevant funding agreement. The designated financial controller of the applicant, together with the executive secretary, signs all of the payment orders that correspond to the disbursement schedule of the projects.

20. Due to the small amount of the payments, the applicant has not deemed it necessary to develop a complex in-house electronic payment system. However, the applicant's current system is considered adequate and acceptable by the AP given the size of the institution and the scale of projects/programme activities under the specialized fiduciary standard for project management and specialized fiduciary criteria for grant award and/or funding allocation mechanisms for which the applicant is seeking accreditation.

3.1.3 **Section 5.1: Specialized fiduciary standard for project management**

21. As per paragraph 10 above, the specialized fiduciary standard for project management is considered to have been met by way of fast-track accreditation.

3.1.4 **Section 5.2: Specialized fiduciary standard for grant award and/or funding allocation mechanisms**

22. The applicant has extensive experience and knowledge in working with the developing countries in the region regarding the grant award and funding allocation mechanism. It supports the governments of its member countries in the development of projects and
programmes for further submission to various donors and multilateral organizations to seek appropriate financing.

23. In its operations the applicant has been approaching the governments of member countries directly by official letters and using the regional/geographical approach for selecting the specific countries for the development of funding proposals. Also, it has been initiating the preparation of the concept notes for specific projects, and then developing them further with the particular governments into project proposals for potential grant funding.

24. To comply with the GCF specialized fiduciary standard for grant award and/or funding allocation mechanisms, the applicant has established a new procedural framework and corresponding supporting guidance documents that include provisions for the competitive grant mechanism, including guidance for conducting calls for proposals, evaluating proposals and awarding grants, eligibility criteria for projects and potential grantees, due diligence procedures of the beneficiaries, and has defined roles and responsibilities for grant disbursements and reporting.

25. As the new procedural framework has been recently adopted, the applicant has not yet demonstrated any experience in publishing the calls for proposals for the on-granting mechanism on its website. Therefore, a corresponding condition of accreditation is recommended in paragraph 47(b) below to address this gap in meeting the GCF specialized fiduciary standard for grant award and/or funding allocation mechanisms.

26. Within the new procedural framework the applicant has established a grant proposal evaluation procedure that contains the information on the grant proposal evaluation process, including the requirements for the objectivity and impartiality of the decision-making process and competence of the decision-making committee. However, there are no records on the actual operation of the newly formed Grant Evaluation Committee for any of the projects/programmes selected for grant funding. Therefore, a corresponding condition of accreditation is recommended in paragraph 47(b) below to address this gap in meeting the GCF specialized fiduciary standard for grant award and/or funding allocation mechanisms.

27. The applicant’s grant award management procedure also includes standardized provisions for the recovery of funds paid to the grantees, in respect of expenditures which are unauthorized or fall outside the scope of funding for the projects, and procedures for the suspension, reduction or termination of grants in the event of the beneficiary failing to comply with its obligations, and systems to prevent irregularities in the use of grant funds.

28. The applicant has provisions for the periodic review of its grant award activities and has provided examples of the monitoring and evaluation reports of the programmes implemented in the three years prior to the submission of the application. In addition, the applicant provided reports compiled by its donor partners (multilateral organizations) containing positive observations and conclusions on the performance of the applicant regarding its management of projects and grant award programmes.

29. The applicant conducts close monitoring of the activities implemented under its grant award programmes and undertakes regular site visits. The applicant also conducts thematic workshops to support its beneficiaries, disseminate best practices and maintains good relations with the grant awardees. Examples of such site visit and workshop reports were provided to demonstrate the effective implementation of the applicant’s monitoring procedures. The reports of the grant award results and the monitoring reports have not yet been published on the applicant’s website, in accordance with the new procedures. Therefore, a corresponding condition of accreditation is recommended in paragraph 47(b) below to address this gap in meeting the GCF specialized fiduciary standard for grant award and/or funding allocation mechanisms.

30. Overall, following the assessment, the AP concludes that the grant award mechanisms implemented by the applicant are mature and well established and can be applicable to GCF-
funded activities subject to the fulfilment of the accreditation conditions recommended in paragraph 47 (b) to address the gaps identified.

3.1.5 Section 5.3: Specialized fiduciary standard for on-lending and/or blending

31. The applicant did not apply for assessment against this standard at this time.

3.2 Environmental and social safeguards

3.2.1 Section 6.1: Policy

32. The applicant’s E&S policy was formally adopted by its General Assembly in April 2016. The E&S policy describes the key E&S objectives and principles guiding the applicant in the management of the environmental, social and gender impacts during the preparation and implementation of programmes and projects. The applicant’s E&S policy articulates ten performance standards, which include Performance Standards 1 to 8 of the International Finance Corporation (which have been adopted as the GCF interim environmental and social safeguards), on gender equity and women’s empowerment, and access and equity and protection of human rights. In addition to the applicant’s performance standards, the E&S policy also conforms to the applicant’s national laws and local laws/regulations applicable to the applicant’s beneficiary countries. The applicant has established a technical committee comprising internal and external experts with the knowledge necessary to provide policy advice for the consideration of E&S matters. The E&S policy was published on the applicant’s website and has been communicated to all levels within the organization. The E&S policy underwent public consultation during its development.

33. The applicant’s E&S policy requires that the E&S assessments and design and mitigation planning conducted by the executing entities that the applicant oversees include the following elements: assessment of cumulative impacts; assessment of associated facility impacts; and analysis of alternatives, baseline data standards and mitigation hierarchy. The applicant provided sample project documents as evidence of its track record for ensuring that these specific elements are adequately included in project E&S assessments.

3.2.2 Section 6.2: Identification of risks and impacts

34. The applicant has developed a process for the identification and assessment of E&S risks and impacts which is in line with good international industry practices, including the Performance Standards 1 to 8 of the interim environmental and social safeguards (ESS) of the GCF. The main objective of the applicant’s procedure is to lead to a categorization of projects/programmes. A checklist in the procedure is used to guide in the screening and identification of preliminary potential E&S risks and impacts. Based on the results of this screening, projects/programmes are categorized according to three E&S risk categories, A (high), B (medium) or C (low), which is similar to the categorization system in the interim ESS of the GCF. The applicant’s environment and water programme managers coordinate the development of project proposals and involve the staff/consultants responsible for E&S risks, as well as the gender/population officer in the identification of E&S risks. The applicant provided example of projects it has implemented as evidence of its capability in implementing its E&S risks and impact identification procedure.

3.2.3 Section 6.3: Management programme

35. The applicant’s E&S policy addresses its institutional process for managing mitigation measures and actions stemming from the E&S risk identification process provided, distinguishing between different categories of E&S risk. The applicant provided documents from
the projects that it has implemented and executed that were funded by the World Bank, the Adaptation Fund and the Global Environment Facility as examples of how the applicant addressed and managed the potential E&S risks, including the mitigation measures.

3.2.4 Section 6.4: Organizational capacity and competency

36. The applicant provided its institution’s organization chart and a description of the roles and responsibilities of its key staff dealing with E&S matters. The key staff have undergone the necessary training to support the capacity of its staff in the implementation of the E&S policy via a one-week training that was organized in January 2016, and implemented in the context of the Climate Finance Readiness Programme of Deutsche Gesellschaft für Internationale Zusammenarbeit GmbH.

3.2.5 Section 6.5: Monitoring and review

37. The applicant’s E&S policy describes the executing entities’ roles and responsibilities for the monitoring and evaluation (M&E) of projects/programmes supported by the applicant. The applicant is required to address all E&S risks identified by executing entities during project/programme assessment, design and implementation. The E&S policy requires that the executing entities’ annual project/programme performance reports include a section on the status of implementation of any environmental and social management plan, including any measures required to avoid, minimize or mitigate E&S risks. The applicant requires that its M&E reports also include a description of any corrective actions that are deemed necessary. The midterm and terminal evaluation reports are also required to include an evaluation of the project/programme performance with respect to E&S risks.

38. The applicant indicated that, due to the recent adoption of the E&S policy (April 2016), it does not currently possess sample M&E reports on actions taken for E&S risk mitigation and performance improvement measures in line with its performance standards. The applicant indicated that it plans to apply its new M&E procedure to a project funded by the Adaptation Fund which involves enhancing the resilience of communities to climate change through catchment-based integrated management. An M&E report for this project is expected to be available in early 2018. In the meantime, the applicant provided a sample of M&E reports on its climate resilience projects, which showed that the applicant did evaluate the E&S indicators relevant to the projects.

3.2.6 Section 6.6: External communications

39. The applicant has avenues/channels including a provision on its website to receive and register external communications. The applicant provided its updated (June 2017) external communication procedure which reflects its policy to require the applicant itself and executing entities that the applicant oversees to publicly disclose and conduct consultations on E&S assessment documents. This policy is found to be in line with the GCF Information Disclosure policy requirements on the public disclosure of E&S information. The external communication procedure also specifies the requirement for grievance and redress mechanisms to be applied by the applicant’s executing entities.

40. During the implementation of projects and programme activities, the applicant receives different kinds of enquiries and requests from project stakeholders and local populations. Those enquiries are generally submitted through semi-formal or informal means, such as letters sent to the applicant’s headquarters, emails sent to the project/programme implementation unit and verbal enquiries submitted during meetings and workshops. The received enquiries are processed on a case-by-case basis by project managers and teams. The applicant indicated that it has not received enquiries or complaints, and therefore its register of enquiries connected to the online grievance mechanism is currently empty. However, the applicant indicated that
following the adoption of the new external communication procedure, enquiries and complaints will be managed in a more centralized and systemic way. The applicant indicated its willingness to maintain a register of external enquiries/complaints on E&S matters received along with responses for GCF-funded projects/programmes.

3.3 Gender

41. The applicant’s gender policy was adopted by the applicant’s General Assembly in April 2016. The purpose of the applicant's gender policy is to provide the applicant with a framework for guiding its efforts to achieve gender equality, and particularly to support the diverse roles of women in the different development programmes and projects. The policy specifies the applicant’s goal and vision relating to gender equality and outlines an accountability structure for ensuring policy oversight and the achievement of results. It accompanies and complements the applicant’s E&S policy and responds to the investment guidelines and performance and reporting standards of international financial partners. The gender policy also includes an action plan to integrate and formalize all current actions that are already being carried out to integrate gender within the institution and within the projects that the applicant is implementing. The applicant’s Strategy 2020 also integrates gender as one of the key objectives in the section on “society and the socio-economics of the environment”.

42. In 2011, the applicant created a four-person gender working group with the necessary competencies and who were assigned, respectively, to the applicant’s following four units: water, environment, communication and executive secretary. The applicant provided a sample of three projects it has implemented to demonstrate its experience with gender and climate change. The projects implemented by the applicant also provide evidence to show that projects and programmes managed by the applicant have non-discriminatory practices in terms of benefits and remuneration for both male and female employees.

43. Considering the above, the applicant’s gender policy is assessed to be line with the GCF Gender policy.

IV. Conclusions and recommendation

4.1 Conclusions

44. Following its assessment and noting that the applicant has applied under the fast-track accreditation process, the AP concludes the following in relation to the application:

(a) The applicant meets the requirements of the GCF basic fiduciary standards and specialized fiduciary standard for project management, and partially meets the requirements of the specialized fiduciary standard for grant award and/or funding allocation mechanisms. The applicant could not provide evidence of the launch of the call for proposals for the competitive grant scheme, because until recently it has been working on grant proposals directly with the governments of its member countries. Also, the applicant could not provide any records of the work of the newly established Grant Evaluation Committee, or evidence on the publication of the decisions of the committee on the awarding of grants. There is no evidence available with regard to the publication of the grant award results and periodic monitoring reports for the grant-funded projects on the applicant’s website;

(b) The applicant partially meets the requirements of the interim ESS of the GCF in relation to the medium E&S risk (Category B/1-2). The applicant could not provide evidence of the establishment of an external communication channel regarding E&S matters, which may include a website to receive, register and respond to E&S complaints. Also, the
applicant could not provide a sample M&E report on actions taken for E&S risk mitigation and performance improvement measures in line with the applicant’s performance standards under its E&S policy (April 2016); and

c) The applicant has demonstrated that it has competencies, policies and procedures in order to implement its gender policy, which is found to be consistent with the GCF Gender policy, and has demonstrated that it has experience with gender considerations in the context of climate change.

4.2 Recommendation on accreditation

45. The AP recommends, for consideration by the Board, applicant APL060 for accreditation as follows:

(a) Accreditation type:

(i) **Maximum size of an individual project or activity within a programme:** micro;

(ii) **Fiduciary functions:**

1. Basic fiduciary standards;
2. Specialized fiduciary standard for project management; and
3. Specialized fiduciary standard for grant award and/or funding allocation mechanisms; and

(iii) **Maximum environmental and social risk category:** medium risk (Category B/I-2) including lower risk (Category C/Intermediation 3 (I-3)); and

(b) Conditions: the applicant will be required to submit to the AP, through the Secretariat, information on how it has complied with the conditions. The AP will thereafter assess whether the conditions have been met. This assessment will be communicated by the Secretariat, on behalf of the AP, to the Board for information purposes;

(i) Conditions to be met prior to the first disbursement by the GCF for the first approved project/programme to be undertaken by the applicant:

1. Provide evidence of the launch of the call for proposals, records of work of the Grant Evaluation Committee on evaluating grant proposals received, and evidence of the publication of the grant award decisions of the said committee;

2. Provide a sample M&E report on actions taken for E&S risk mitigation and performance improvement measures in line with the applicant’s performance standards under its E&S policy (adopted in April 2016); and

3. Provide evidence of the establishment of an external communication channel, which may include a website to receive, register and respond to E&S complaints; and

(ii) Condition to be met on an annual basis for three consecutive years starting after the twelfth month following the first disbursement by the GCF for the first GCF-

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7 As per annex I to decision B.07/02, Category C is defined as “Activities with minimal or no adverse environmental and/or social risks and/or impacts” and Intermediation 3 is defined as “When an intermediary’s existing or proposed portfolio includes financial exposure to activities that predominantly have minimal or negligible adverse environmental and/or social impacts.”
funded project/programme through a grant award and/or funding allocation mechanism to be undertaken by the applicant:

1. Provide evidence of the public disclosure of periodic monitoring and evaluation reports, including information on budget utilization in respect of the relevant GCF-funded project/programme.

46. The applicant has been informed of the recommendation for accreditation, including the accreditation type and conditions, as identified in paragraph 47(b) above, and agrees to the recommendation.
Annex VIII: Accreditation assessment of upgrade application from Acumen Fund, Inc.

I. Introduction

1. Acumen Fund, Inc. (Acumen), a private sector direct access entity headquartered in the United States of America and accredited through the direct access modality as an entity nominated by Kenya per decision B.09/07, is seeking to upgrade its accreditation type to include the specialized fiduciary standard for grant award and/or funding allocation mechanisms. With a strong global presence, the applicant raises charitable donations to invest patient capital in business models that deliver critical goods and services to the world’s poor, mainly focusing on agriculture, energy, education, health, housing and water.

2. The applicant was accredited by the Board of the GCF on 26 March 2015 in decision B.09/07, paragraph (a)(iv) for the following parameters, as recommended by the Accreditation Panel (AP), under the fit-for-purpose approach of the GCF:

   (a) **Access modality**: direct access, regional. The applicant received a national designated authority nomination for its accreditation application from Kenya;

   (b) **Track**: normal track;

   (c) **Maximum size of an individual project or activity within a programme**: micro;

   (d) **Fiduciary functions**: 3

      (i) Basic fiduciary standards;

      (ii) Specialized fiduciary standard for project management; and

      (iii) Specialized fiduciary standard for on-lending and/or blending (for loans and equity only); and

   (e) **Maximum environmental and social risk category**: minimal to no risk (Category C/Intermediation 3 (I-3)).

3. The applicant submitted its application for an accreditation upgrade of its fiduciary functions for the specialized fiduciary standard for grant and/or funding allocation mechanisms to the Secretariat via the Online Accreditation System on 2 January 2017.

4. The Stage I institutional assessment and completeness check was completed on 20 June 2017 and was progressed to the Stage II (Step 1) accreditation review, which has been concluded with the publication of this assessment. The applicant has applied to be accredited for the following parameters under the fit-for-purpose approach of the GCF:

   (a) **Access modality**: direct access, regional;

   (b) **Track**: normal track;

   (c) **Fiduciary functions**: 4

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1 Document GCF/B.09/23.

2 As per annex I to decision B.08/02 (annex I to document GCF/B.08/45), “micro” is defined as “maximum total projected costs at the time of application, irrespective of the portion that is funded by the GCF, of up to and including USD 10 million for an individual project or an activity within a programme”.

3 Decision B.07/02.

4 As per annex I to decision B.07/02 (annex I to document GCF/B.07/11), Category C is defined as “Activities with minimal or no adverse environmental and/or social risks and/or impacts” and Intermediation 3 is defined as “When an intermediary’s existing or proposed portfolio includes financial exposure to activities that predominantly have minimal or negligible adverse environmental and/or social impacts”.

(i) Specialized fiduciary standard for grant award and/or funding allocation mechanisms; and

(d) All other criteria for which the applicant was accredited: no change.

II. Stage I institutional assessment and completeness check

5. The applicant applied under the normal track accreditation process, and was assessed by the Secretariat during Stage I.

2.1 Legal status, registration, permits and licences

6. The applicant provided documents on its establishment and licences to operate, where relevant, as a part of the application. It was incorporated in 2001 and its wholly owned subsidiary Acumen Capital Partners LLC was registered under the Limited Liability Company Agreement of Acumen Capital Partners LLC, in accordance with the Delaware Limited Liability Company Act.

2.2 Institutional presence and relevant networks

7. The applicant, headquartered in the United States of America, has six investment regions (East Africa, India, Latin America, Pakistan, the United States and West Africa), and seven regional offices across the world: Bogota, Colombia; London, England; Accra, Ghana; Mumbai, India; Nairobi, Kenya; and Karachi, Pakistan.

8. In order to advance the objectives of the GCF, the applicant offers long-term investments to companies, leaders and organizations to change the way the world tackles poverty. The applicant’s investments have a social impact and follow a financially viable business model. The investments have a high tolerance for risk and long-term payback of capital, and they create new markets or disrupt existing markets. The entity has invested USD 110 million in over 100 companies and reached over 125 million lives since 2001.

9. Acumen Capital Partners LLC, a wholly owned subsidiary of the applicant, manages the KawiSafi Ventures Limited (KSV) fund, a USD 100 million impact fund designed to change how the world views off-grid energy access. The fund will invest across the off-grid energy ecosystem to create sustainable and scaled companies bringing clean, affordable energy to more than 15 million people in East Africa and demonstrate the efficacy of decentralized renewable power as a strategy to fight energy poverty and avert long-term climate crisis.

10. GCF has approved USD 20 million in investment capital to KSV and USD 5 million of grant capital for the KSV Technical Assistance Facility (TAF). The applicant is currently in the process of upgrading its accreditation with GCF in order to award grants through the TAF. The purpose of the TAF is to amplify the effectiveness and efficiency of KSV’s investments in driving large-scale energy access and climate impact. The USD 5 million in approved GCF technical assistance funding is allocated to two broad issue areas: USD 2 million for gender-specific interventions, in support of women; and USD 3 million for consumer protection.

11. Separate from the USD 5 million in approved GCF technical assistance funding, Acumen Capital Partners LLC is also intending to raise additional technical assistance grant funding from a mix of private and public institutions. This additional funding has not yet been raised; the

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5 For example, the maximum size of an individual project or activity within a programme, fiduciary functions and environmental and social risk category.
target is an additional USD 5 million. It will be focused on critical capacity-building and business development support for the KSV portfolio companies.

2.3 Track record

12. Acumen has almost 15 years of experience in providing funding for small and medium-sized enterprises that serve low-income communities in developing countries, primarily in Africa and the Asia-Pacific region. Acumen has financed projects that ranged between USD 20,000 and USD 5 million, with a project lifespan of 1 to 12 years. The applicant has a successful track record in sourcing and executing equity investment opportunities in the clean energy, agriculture and health-care sectors, which provide environmental and livelihood impacts, with project sizes falling within the GCF micro size category.

13. The results of its activities overlap with the results areas and impacts of the GCF in a number of areas. The applicant’s activities, for example, include the distribution of solar lanterns, solar home systems, smoke-free cooking stoves and formal financial services, such as providing home improvement micro loans for low-income women and families in developing countries in Africa and the Asia-Pacific region.

III. Stage II accreditation review assessment

14. The applicant applied under the normal track accreditation process, and was assessed against the standards of the GCF by the AP during Stage II (Step 1).

15. As part of this assessment, the AP consulted the applicant’s website and websites that comment on the track record and results of impact investment funds, and websites of foundations that have invested in funds managed by the applicant.

3.1 Fiduciary standards

3.1.1 Section 5.2: Specialized fiduciary standard for grant award and/or funding allocation mechanisms

16. The applicant’s current grant award activities are focused on technical assistance grants provided directly to its investee companies. The existing grant award policies and procedures require further development to enable the applicant to appropriately manage separate technical assistance facilities (TAFs), such as that approved by the Board in decision B.11/11, paragraph (v), subject to an upgrade in Acumen’s accreditation type for the specialized fiduciary criteria for grant award and/or funding allocation mechanisms.

17. The applicant’s current grant award policies and procedures are suitable for the grant award activities it currently undertakes. Appropriate policies, procedures and guidance are in place to undertake due-diligence exercises, the evaluation of proposals and the awarding of grants. Furthermore, appropriate procedures are in place to monitor the correct use of grant funds, to ensure that funds which are not appropriately used can be recovered, and provisions are in place to ensure that the applicant can cancel, reduce or suspend grants in cases of misuse of funds.

18. The applicant’s successful track record as an investment fund manager, and the information assessed during its initial accreditation process, provide a basis to conclude that the applicant has the requisite organizational controls and competencies to successfully implement the required improvements to its grant award policies and procedures, such that it is able to meet the GCF specialized fiduciary standard for grant award and/or funding allocation mechanisms.
19. The applicant has provided a detailed action plan for the implementation of the required improvements to its grant award policies and procedures, and this plan includes specific actions and completion dates. The action plan presented by the applicant addresses the following:

(a) Terms of reference of the Technical Assistance Committee, including composition and functions of this governing body;

(b) Policies and procedures for the separate administration of the TAF funds;

(c) Development of the TAF Operational Manual. Furthermore, the applicant provided the proposed table of contents of this manual and, if properly implemented, the proposed operational policies and procedures would meet the GCF specialized fiduciary standard for grant award and/or funding allocation mechanisms regarding the management of grants awarded;

(d) Policies and procedures for procurement activities related to technical assistance financed through funds under a grant award and/or funding allocation mechanism;

(e) Procedures for the monitoring and evaluation of technical assistance activities financed through funds under a grant award and/or funding allocation mechanism, including guidelines for periodic reviews, reporting of results and evaluation of technical assistance impact;

(f) Policies and procedures for the publication of the grant award activities undertaken by the TAF, including a clear definition of the information to be published, the channels to be used and the timing of reporting; and

(g) A policy regarding the external audit of the TAF. The applicant will include provisions in its grant award procedures to ensure that the TAFs it manages are periodically audited, and that an external audit report is available, at least, on an annual basis.

IV. Conclusions and recommendation

4.1 Conclusions

20. Following its assessment, the AP concludes the following in relation to the application:

(a) The applicant partially meets the requirements of the GCF specialized fiduciary standard for grant award and/or funding allocation mechanisms. However, upon full implementation of the action plan provided in its application, the applicant will meet the GCF requirements in relation to this standard.

4.2 Recommendation on accreditation

21. The AP recommends, for consideration by the Board, Acumen for an upgrade in its accreditation type as follows:

(a) Accreditation type:

(i) Fiduciary functions:

1. Specialized fiduciary standard for grant award and/or funding allocation mechanisms; and

(b) Conditions: the applicant will be required to submit to the AP, through the Secretariat, information on how it has complied with the conditions. The AP will thereafter assess whether the conditions have been met. This assessment will be communicated by the Secretariat, on behalf of the AP, to the Board for information purposes;
(i) Conditions to be met prior to the first disbursement by the GCF for the first approved project/programme that has a grant award and/or funding allocation mechanism to be undertaken by the applicant:

1. Fully implement all actions which are listed in the action plan provided in the "Implementation Roadmap" document as having a target completion date on or before the end of the second quarter of 2018; and

2. Provide documentary evidence of the implementation of the actions mentioned above; and

(ii) Condition to be met within one year of the first disbursement by the GCF for an approved project/programme that has a grant award and/or funding allocation mechanism to be undertaken by the applicant:

1. Provide evidence that the applicant has engaged an external auditor to review the TAF; and

(iii) Other condition to be met by the applicant:

1. Submit the first audit report of the TAF within 120 days of year-end of the first year of TAF grant-making activity utilizing GCF funds.

22. The applicant has been informed of the recommendation for accreditation, including the accreditation type and condition(s), as identified in paragraph 21(b) above, and agrees to the recommendation.

4.3 Remarks

23. The action plan provided by the applicant references the TAF approved by the Board in decision B.11/11, paragraph (v), subject to an upgrade in Acumen’s accreditation type for the specialized fiduciary criteria for grant award and/or funding allocation mechanisms. It is understood, by the AP, that all of the grant award policies and procedures to be implemented under the referenced action plan, will be applicable to all TAFs developed by the applicant and funded by the GCF.
Annex IX: Additional entities of other relevant funds for fast-track accreditation eligibility

I. Background

1. In decision B.08/03, paragraphs (e–g), the Board decided that entities accredited by the Global Environment Facility (GEF), the Adaptation Fund (AF) and the Directorate-General for International Development and Cooperation (DG DEVCO) up to and including 17 October 2014 and in full compliance with those institutions’ requirements, as contained in annex V to decision B.08/03 (annex V to document B.08/45), are eligible to apply under the fast-track accreditation process for the accreditation requirements of the GCF identified in the relevant paragraphs of the decision.

2. In decisions B.10/06, B.12/30, B.14/09, B.15/09 and B.17/13 the Board expanded the list of entities eligible to apply under the same fast-track approach, assuming all prerequisite criteria were met to include those under the GEF, the AF and DG DEVCO up to and including 9 July 2015, 9 March 2016, 14 October 2016, 17 December 2016 and 6 July 2017, respectively.

3. The entity presented below has been accredited by DG DEVCO since 6 July 2017. No new entities have been accredited by the AF or the GEF since that time.

II. Directorate-General for International Development and Cooperation

Table 8: Directorate-General for International Development and Cooperation

<table>
<thead>
<tr>
<th>Name</th>
<th>Acronym</th>
</tr>
</thead>
<tbody>
<tr>
<td>International Organization for Migration</td>
<td>IOM</td>
</tr>
</tbody>
</table>

4. The international organization listed in table 8 has been confirmed either by DG DEVCO to the Secretariat or via evidence provided by the organization regarding its successful assessment against DG DEVCO pillar assessments, meets the requirements of the relevant European Union legislation and is authorized to carry out European Union budget implementation tasks without conditions concerning its institutional compliance.
Annex X: Simplified approvals process pilot scheme

I. Objective

1. The objective of this pilot scheme ("Pilot Scheme") is to apply best practices in order to reduce the time and effort needed in the preparation, review, approval and disbursement procedures for proposals of certain activities, in particular small-scale activities. The details of the Pilot Scheme are set out below. Unless otherwise specifically modified herein, all other relevant GCF policies apply as usual to the Pilot Scheme.

II. Eligible projects/programmes

2. Subject to paragraph 4 below, this Pilot Scheme applies to projects and/or programmes which satisfy the following criteria:

(a) Projects or programmes that are ready for scaling up and have the potential for transformation, promoting a paradigm shift to low-emission and climate-resilient development;

(b) Projects or programmes with a GCF contribution of up to USD 10 million; and

(c) Projects or programmes whose environmental and social risks and impacts are classified as minimal to none.

3. Projects or programmes falling within paragraph 2(c) above are typically considered to have minimal or no environmental and social risks and impacts. Activities under this category are project and context specific, and will be assessed on a case-by-case basis, and include, among others:

(a) Capacity development, planning support, institutional development, advisory services, communication and outreach, household-level facilities and production within an already built-up area and with no additional footprint (basic post-harvest processing, rainwater harvesting, pico- to micro-scale renewable energy, retrofit renewable energy systems and energy efficiency and conservation, agroforestry and small-scale climate resilient agriculture);

(b) Early warning and other monitoring systems, response planning support;

(c) In-situ rehabilitation of existing public facilities including maintenance and upgrading where waste will not be an issue, small-scale rural and urban community projects, village-level rural water supply and drainage (including smallholder farm irrigation such as drip irrigation, shallow wells, etc.), rural energy, small-scale infrastructure (including rehabilitation, maintenance and upgrading), small-scale watershed management and rehabilitation, climate resilient agriculture, habitat restoration and rehabilitation, soil and water conservation, forest management activities and agroforestry.

4. Projects and/or programmes that include known “risk factors” that would require additional information and more detailed due diligence and consultations by the relevant entities shall not be eligible for the Pilot Scheme notwithstanding that it meets the criteria set out in paragraph 2(a) above. The “risk factors” include but are not limited to:

- Activities with potential resettlement and dispossession, land acquisition, and economic displacement issues;

- Activities that may affect indigenous peoples;
- Activities within protected areas and areas of ecological significance including critical habitats, key biodiversity areas and internationally recognized conservation sites;
- Activities that may affect cultural heritage and physical cultural properties;
- Activities with critical infrastructure (like dams, water impoundments, coastal and river bank infrastructure) that would require further technical assessment and safety studies;
- Activities that may generate waste including hazardous waste and pollutants and require further studies on management, minimization and control and compliance to country and applicable international environmental quality standards;
- Activities that may adversely affect working conditions and health and safety of workers or potentially employ vulnerable categories of workers;
- Activities that may involve trans-boundary impacts including those that would require further due diligence and notification to downstream riparian states; and
- Activities that have associated facilities and require further due diligence of such associated facilities.

### III. Eligible entities

5. The GCF shall only consider projects or programmes which have been submitted by entities which have already been accredited by the Board.

6. The Secretariat shall take appropriate measures to encourage and provide support to direct access entities to submit projects or programmes under this Pilot Scheme with the aim of ensuring that submissions from such entities constitute at least 50% of all approved projects under the Pilot Scheme.

### IV. Project screening, review and approval

4.1 Project screening and further development

7. The Pilot Scheme will require the submission of a Concept Note (CN). The Concept Note shall set out a summary of the project or programme and details relating to the project size, the proposed extent of the GCF’s participation and the environmental and social risks and impacts of the project or programme. The Secretariat will develop a simplified Concept Note template for this purpose as soon as possible.

8. The Secretariat will put in place the structure and process for review of proposals with target schedule and completion dates of reviews and report to the Board on the implementation of the structure and process by B.19.

9. The Concept Note may be submitted at any point during the operation of the Pilot Scheme and shall be accompanied by the results of the environmental and social risk screening that identify project-related environmental and social risks and impacts and their proposed mitigation measures.

10. Such screening by the entities will be conducted against standardized screening form which shall be developed and published by the Secretariat, and which shall be supplemented by explanation on how the screening form should be completed by entities and how the screening will be conducted.
11. An Environmental and Social Action Plan (ESAP) may also be required that will describe the actions necessary to carry out the mitigation measures including timelines for their implementation, continuing consultations and engagement, monitoring and reporting, and actions to develop further the institutional environmental and social management system where gaps are identified. The ESAP will also identify any additional studies and work that will need to be carried out by the entity post approval stage and prior to the execution of relevant activities. The result of the environmental and social risk screening and the ESAP, as required, will allow the Secretariat to confirm the level of risk and the environmental and social safeguards requirements of the activities proposed for GCF financing and will be attached as a covenant to the Funding Proposal, becoming binding on the approval of the project. All environmental and social risks and impacts are to be checked by the Secretariat.

12. Upon receipt of the Concept Note and related documentation, the Secretariat shall first assess the eligibility of the proposed project or programme and the relevant entity. Concept Notes which satisfy the eligibility criteria set out in sections II and III shall then be developed into funding proposals.

13. Entities whose Concept Notes are eligible and whose screening has concluded in a positive determination shall be invited to submit a Funding Proposal for the Secretariat’s review.

14. The Funding Proposal will follow a simplified format based on the updated project approval process and using a template that will be developed by the Secretariat for this purpose.

15. Funding proposals will include a pre-feasibility study, and be screened in relation to the environmental and social risks and impacts, stakeholder engagement undertaken, and grievance redress mechanisms, which will be put in place.

16. The entity proposing the project or programme will need to provide a summary of consultations and a stakeholder engagement plan including activity-level and entity-level grievance redress mechanisms following the guidance and standard format to be provided by the Secretariat.

17. The review of safeguards will take into account the results of the environmental and social risk screening and the ESAP, as required.

18. In addition, the Secretariat will provide technical support on how to complete Funding Proposals to relevant entities through the use of any appropriate means.

4.2 Project review

19. It is expected that the entity will conduct all relevant due diligence for the project or programme prior to the submission of a funding proposal.

20. The Secretariat will carry out its second-level due-diligence based on the simplified set of documents. The Secretariat will confirm the risk category of the project or programme activity. The Secretariat will confirm during project or programme assessment that all activities are consistent with the risk categories adopted.

21. Proposals under this Pilot Scheme will be subject to iTAP review on a rolling basis. This review will be based on the simplified set of documents.

22. Simplified financial and other terms shall be included with the Funding Proposal.

23. Pilot projects assessed with minimal to no ESS risks do not have ESS disclosure requirements by the submitting entities.
4.3 Project approval

24. Funding Proposals whose approval is recommended by the Secretariat shall be submitted to the Board for consideration during its regular meetings, until such time as a process for approving Funding Proposals under this Pilot Scheme through in-between Board meetings is adopted by the Board.

4.4 Post Approval

25. The Secretariat will implement the full post-approval process for approved Funding Proposals, in an expedited manner where possible, including in relation to the clearance of any conditions, and disbursements.

4.5 Implementation

26. The list of items attached as conditions and covenants to the project or programme will be implemented by the entity and monitored by the Secretariat

27. Any changes to project or programme design and implementation arrangements will trigger a project or programme restructuring process that will include re-assessment of project or programme risks and compliance with relevant GCF policies.

28. A robust monitoring system will be put in place to assist projects or programmes reach compliance, where possible gaps exist. This robust monitoring system may also build capacity of the entities to meet GCF standards and to be able to put forward full proposals in the future. The Secretariat will develop this monitoring system for the simplified approval process in this regard.
Annex XI: Draft terms of reference for the pilot programme for REDD-plus results-based payments

I. Introduction

1. At its fourteenth meeting, the Board requested the Secretariat to develop a request for proposals (RFP) for REDD-plus results-based payments (RBPs), including guidance consistent with the Warsaw Framework for REDD-plus and other REDD-plus decisions under the United Nations Framework Convention on Climate Change (UNFCCC).¹

2. The objective of the RFP pilot programme for REDD-plus RBPs is to operationalize REDD-plus results-based payments and gather experience to further improve the procedural and technical elements of RBPs using GCF resources in the learning stage.

3. The pilot programme will run from the launch of the RFP in October 2017 until the last meeting of the Board in 2022. A minimum of 3 Concept Notes from 3 different countries need to be submitted to initiate the RFP evaluation process. The assessment of the concept notes will occur in the order in which they were received by the Secretariat.

4. The RFP will encompass two stages: in the first stage, Concept Notes are received by the GCF on a rolling basis after the launch of the RFP, allowing any interested countries to apply. In the second stage, countries that are notified of their eligibility (according to the scoring in section 1 below) are invited to submit a Funding Proposal to the GCF.

5. A country can submit more than one proposal provided that the total amount of GCF payable volume of ERs will not exceed more than 30% of the size of the total envelope (see section 3.4 for details).

II. Eligibility criteria

6. Proposals must meet the following criteria:

(a) By the time of submission of a Concept Note, the following information related to UNFCCC requirements, including the elements reflected in decision 1/CP.16 paragraph 71, should be in place and made publicly available (e.g. on the UNFCCC REDD-plus web platform):

(i) The National REDD-plus Strategy or Action Plan;

(ii) FREL/FRL that is applied to the results period for which payments are requested has been submitted to the UNFCCC and has undergone the Convention’s Technical Assessment² of FREL/FRL;

(iii) National Forest Monitoring System (i.e. description provided in the BUR Annex);

(iv) A safeguards information system (SIS) to inform how the safeguards are addressed and respected, and a summary of information on how all the Cancun REDD-plus safeguards were addressed and respected during the period for which payment for results is being requested.³

(b) The REDD-plus results, for which payments are requested, have been included in the Technical Annex of the country’s BUR submitted to the UNFCCC by the time of

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¹ GCF decision B.14/03.
² The FREL/FRL must be technically assess per UNFCCC decision 13/CP.19.
³ UNFCCC decision 9/CP.19 paragraph 11 and decision 17/CP.21.
submission of the RBP Concept Note; in addition, the Technical Analysis should be completed and the report made available on the UNFCCC website by the time of submitting the complete RBP Funding Proposal.

(c) The scale of the REDD-plus results-based payments proposal is national or, on an interim basis, subnational.5

(d) Written consent for participation in the RFP must be provided by the REDD-plus national entity/focal point to the UNFCCC where a national entity/focal point has been nominated by a country at the time of submission of the RBP concept note.

(e) A no objection letter (NOL) must be provided by National Designated Authority (NDA)/focal point at the time of submission of the RBP Funding Proposal6.

III. Modality and scope

3.1 Access modality

7. The submission of REDD-plus RBP Funding Proposals should be through existing AEs to the GCF, in coordination with the REDD-plus national entity/focal point to the UNFCCC, and following the procedures defined by their corresponding National Designated Authority (NDA). In accordance with the Board’s initial no-objection procedure, approved by decision B.08/10, a no-objection letter from the NDA/focal point is required for all REDD-plus RBP Funding Proposals. In addition, written consent from the REDD-plus national entity/focal point to the UNFCCC secretariat, where nominated by the country, must be provided.

3.2 Financial valuation of results

8. A fixed value of USD 5 per tonne of carbon dioxide (CO₂) equivalent of reduced emissions or enhanced removals, fully measured, reported and verified, consistent with UNFCCC methodological guidance and GCF requirements, will apply for the pilot programme. The final amount to be paid by the GCF per country will be determined based on a combination of factors including the scorecard results and available finance for the pilot programme and is subject to Board approval.

3.3 Eligibility period for results

9. Under the pilot programme, the GCF will accept for consideration the results from a country’s BUR REDD-plus annex that have been technically assessed though the UNFCCC process starting 31 December 2013 (time of adoption of the Warsaw Framework for REDD-plus) until 31 December 2018.

3.4 Size of funding and allocation of payments

10. The REDD-plus pilot programme will be limited to a maximum amount of USD 500 million.

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4 The results measured against the reference levels, must pass through a technical analysis process per UNFCCC decision 14/CP19.
5 See section 3.7.
6 GCF decision B.08/10.
11. Considering a valuation of USD 5/tCO2eq, the GCF would be able to pay for up to 100 million tCO2eq emission reductions (ERs). The maximum amount of payments per country would be set at 30% of the total payable volume (30 MtCO2eq) during the entire length of the pilot.

12. Proposals will be approved on a rolling basis. Once a country submits results for any year, they will be expected to present a significant, indicative volume of results\(^7\) for each subsequent year for the remainder of the eligibility period. Results achieved and the estimate of results that are offered to the GCF for each year of the entire eligibility period will be used for portfolio planning, without binding implications, and respecting the 30% country cap on total volume of results. This estimation of results to be offered to the GCF will be used to determine an indicative country-specific allocation of funding, subject to available resources.

13. The payments will be provided following the steps below:

- **Step 1**: AEs propose a volume of achieved ERs to be considered for the pilot programme

- **Step 2**: The volume of ERs offered is translated into GCF volume of ERs applying the equation below, based on the scores of sections a) and b) of the Stage II Scorecard elements (see Annex III). The resulting GCF volume of ERs will not exceed 30% of the maximum payable volume of ERs per country in the entire period of eligible results:\(^8\)

\[
\text{Volume of ERs offered (X)} \times \frac{\text{Total score achieved}}{\text{Maximum score}} = \text{GCF volume of ERs}
\]

Total score achieved = score achieved by the full proposal in section 2 of the scorecard in annex XII
Maximum score = 48 in accordance with the section 2 of the scorecard in annex XII

- **Step 3**: The resulting volume will be translated into payments by multiplying the GCF volume of ERs and the fixed value of USD 5 per tonne of carbon dioxide equivalent (CO2).

- **Step 4**: For proposals scoring a 2 on Section 3b, an additional 2.5% of the resulting value from Step 3 will be included in the final payment.

3.5 Use of proceeds

14. Countries receiving REDD-plus RBP through the AEs must reinvest the proceeds in activities in line with their current or next Nationally Determined Contributions (NDCs) as established under the UNFCCC Paris Agreement, their REDD-plus strategies, or low-carbon development plans. These activities must also be consistent with the objectives of the GCF. Countries must provide a description of the anticipated use of proceeds, including the main activities to be conducted, the agencies or relevant stakeholders involved, the timeframe for implementation, and the assessment process for GCF safeguards, consistent with GCF policies. Compliance with GCF policies will be required as well as simplified reporting on the proposed activities.

3.6 Ownership and legal title

\(^7\) For example, annual indicative volume of results should be proportional to the overall level of results achieved in the relevant years.

\(^8\) A country could submit more than one proposal provided that the total amount of GCF volume of ERs will not exceed more than 30% of the overall payable volume of ERs.
15. Ownership of the emissions reductions paid for by the GCF will not be transferred to the GCF. Payments should be recorded in the UNFCCC web portal and recipient countries’ national counterpart, and corresponding results will no longer be eligible for RBPs under the GCF or in any other arrangement. Countries can consider, at their own discretion, to use the emission reductions towards achievement of their NDCs. The proposals should indicate the measures to be taken to ensure that such emissions reductions will not be transferred and/or used for any other purposes (e.g. offsetting). Host countries will be expected to covenant that no other party has a competing claim to the results proposed to the GCF for payment, in accordance with national policy, legal or regulatory framework and provide information in the funding proposal about how such results will be treated or used”.

3.7 Scale of the proposal

16. Per UNFCCC guidance for REDD-plus, the proposals must represent tonnes of emissions reductions or enhanced removals at a national or, on an interim basis subnational level. Any subnational program proposal should be of significant scale, one political or ecosystem level down from national scale and defined by each country, demonstrating that an aggregation of such subnational scales can constitute the national level (e.g. states, provinces, biomes, etc.). Subnational level proposal should also demonstrate ambition to scale up to national level, and should demonstrate a contribution to national ambition for emissions reductions, for example, the NDC and/or the implementation of the national REDD-plus strategy.

3.8 Forest reference emission levels / forest reference levels (FREL/FRL) and results

17. The FREL/FRL and REDD-plus results reported on the UNFCCC REDD-plus web platform will be considered using the relevant criteria defined in the scorecard (see Annex III), building on the UNFCCC Technical Assessment of the FREL/FRL and Technical Analysis of the BUR Technical Annex.

3.9 Compliance with relevant GCF policies and procedures

18. For the activities undertaken in the past. The funding proposal will be accompanied with due diligence report(s) describing the extent to which the activities undertaken in the past leading to the results for which the RBP is requested have been implemented in a manner consistent with the following GCF policies: Environmental and Social Safeguard standards (ESS Standards), Gender Policy and Interim Policy on Prohibited Practices. The due diligence reports will be assessed against the scorecard provided in Annex III.

(a) Interim Policy on Prohibited Practices. The relevant accredited entity should deliver an appropriate due diligence report submitted alongside the funding proposal, to demonstrate that no prohibited practices occurred during the implementation of the activities that lead to the REDD-plus results. The AE should give a representation in the related FAA to this effect;

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9 Either through the NDA or national REDD-plus entity or focal point. See also UNFCCC decision 10/CP.19, paragraph 2.
10 In the instance in which there are no such national policy, legal or regulatory framework, a letter from the relevant overarching governmental authority, e.g. Presidency or Chancellery, may be provided.
11 The application of the prospective Indigenous Peoples Policy for activities undertaken in the past will be considered through the Cancun Safeguards and the GCF ESS.
(b) **Gender policy:** The AE should provide an assessment describing the extent to which the measures undertaken complied with the GCF gender policy. The GCF has the right in the relevant FAA to undertake investigations in relation to complaints and grievances raised by affected stakeholders and exercise appropriate remedies during the implementation period;

(c) **Environmental and social safeguards:**

   (i) **Due diligence:** the AE, in collaboration with the Host Country(ies), will prepare an environmental and social assessment (ESA) report describing the extent to which the measures undertaken to identify, assess, and manage environmental and social risks and impacts, in the context of the REDD-plus proposal, were consistent with the requirements of the applicable GCF ESS standards. The Secretariat, in its second-level due diligence, will take such assessment into account as part of its overall consideration of the funding proposal against the scorecard. This, along with the country's own assessment of how the Cancun safeguards were addressed and respected during the REDD-plus activities, will provide the basis for recommending the proposal to the Board for approval.

(ii) **Stakeholder engagement:** Description of stakeholder engagement will form part of the information provided by the countries through the UNFCCC summary of information as well as the ESA prepared by the AEs. The assessment by the AE described in section (i) shall include a description of how the stakeholders were identified, informed, and consulted and how they have participated in the activities. The description by the AE shall also include summaries of consultations highlighting the concerns and issues that were put forward by the stakeholders and how these were responded to.

(iii) **Grievance redress:** The ESA will include a description of the grievance redress mechanisms, or analogous system whether established as part of the REDD-plus activities or as integral to the system of the country. The ESA will also specify how the mechanisms were accessed, the complaints that were received, and how these were resolved.

19. **For the use of RBP proceeds.** The funding proposal will provide, in respect of the activities proposed to be financed by the REDD-plus RBP:

   (a) **Gender Policy:** The AE shall describe in the funding proposal how it will undertake activity-level gender assessment and action plan once the details of the activities become known.

   (b) **Indigenous Peoples’ Policy:** With respect to the prospective Indigenous Peoples policy, the AE, as part of its due diligence report and funding proposal, shall describe how the activities will meet the requirements of the policy and guided by the prevailing relevant national laws and/or obligations of the countries directly applicable to the activities under relevant international treaties and agreements.

   (c) **Interim Policy on Prohibited Practices:** The AE shall provide information that assures that the activities with the use of proceeds will follow the interim policy on prohibited practices, such as: undisclosed prohibited practices, including money laundering and the financing of terrorism; improper subsequent use of GCF proceeds in the prohibited practices; and double payment or financing for the same results achieved, etc.

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12 Consistent with the IFC performance standards 6, “Biodiversity conservation and sustainable management of living natural resources”, GCF funding should not be used to support the expansion of industrial scale logging or any other industrial scale extractive activity into areas that were primary/intact tropical forests.
(d) **Monitoring and Accountability Framework**: A simplified reporting regime be established in place of that set out in the MAF for the use of RBPs which should include information on the activities undertaken with GCF funding and reporting compliance with the above mentioned GCF policies. The reporting period would be consistent with the period of execution of the proceeds as presented in the description on how proceeds will be used.

(e) **Environmental and social safeguards**:13

(i) **Due diligence**: The AE should provide an environmental and social management framework (ESMF) that will describe how environmental and social risks and impacts will be identified, assessed and managed in a manner consistent with the GCF’s ESS standards, including the determination of the relevant environmental and social risk category of the proposed activities.

(ii) **Risk category**: Based on the information provided in the Funding Proposal and the ESMF, the proposal will be categorized and disclosure period will be determined.

(iii) **Stakeholder engagement**: Information on consultations undertaken with affected and potentially affected communities during design and due diligence the activities to be supported by the RBP proceeds; and the stakeholder engagement plan describing the actions to ensure effective consultation and participation for period of implementation of the use of proceeds.

(iv) **Grievance redress**: Information on relevant grievance redress mechanism to be applied for the future activities.

### IV. Proposal approval process for the REDD-plus results-based payment pilot programme

20. The RFP will encompass two stages: in the first stage, concept notes may be submitted to the GCF up to on a rolling basis through all the period of the RFP and before the last disbursement at the last Board meeting in 2022, allowing all interested countries that fulfilled the UNFCCC requirements14 to request REDD-plus results-based payments. In a second stage, eligible countries (per scoring of the Concept Note) are invited to submit a results-based payment (RBP) Funding Proposal to the GCF. The Board will consider RBP Funding Proposals based on the Secretariats’ assessment and the recommendations from the Independent Technical Advisory Panel (ITAP).

21. The proposal approval process will follow the sequence provided in figure 2 below:

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13 Consistent with the IFC performance standards 6, “Biodiversity conservation and sustainable management of living natural resources”, GCF funding should not be used to support the expansion of industrial scale logging or any other industrial scale extractive activity into areas that were primary/intact tropical forests.

14 Countries should have all of the elements referred to in UNFCCC decision 1/CP.16, paragraph 71, in place, in accordance with UNFCCC decision 9/CP.19, paragraph 3.
4.1 Stage 1: Submission of results-based payment Concept Notes:

22. The Concept Note should be submitted by the AE. It will be subject to the eligibility criteria as defined in section 1 of the scorecard contained in Annex III, and should follow the template developed by the GCF Secretariat for RBP Concept Notes. It should include:

(a) References to relevant information in the UNFCCC REDD-plus web platform and other public documentation as required in the UNFCCC decisions, including:

(i) The FREL/FRL that is applied to the eligible results period for which payments are being requested, submitted to the UNFCCC, and confirmation that the Technical Assessment of a FREL/FRL has been finalized and the report is available on the UNFCCC REDD-plus web platform;

(ii) Evidence that the BUR Technical Annex containing the REDD-plus results for which payments are being requested, has been submitted to the UNFCCC and either evidence of the completed Technical Analysis or an indication of when the Technical Analysis will be completed;

(iii) Evidence that the System of Information on Safeguards (SIS) is in place;

(iv) Reference to the most recent summary of how safeguards covering the time period within which the results for which payment is being requested were achieved, were addressed and respected (referred to in Appendix I of 1/CP.16) during the results period on the UNFCCC REDD-plus web platform;

(v) Reference to the National REDD-plus Strategy or Action Plan;

(vi) Evidence that the National Forest Monitoring System (NFMS) is in place, with, if appropriate, a subnational monitoring and reporting system (as an interim measure, in accordance with national circumstances), and link to where it is described (e.g. REDD-plus BUR annex);
(b) An indication of the scale of the REDD-plus results-based payments proposal, which must be national or, on an interim basis, subnational\(^{15}\). In the case of a subnational scale proposal, information that demonstrates the ambition to scale up to national level and when the country expects to do so.

(c) Information on payments that have been (or are expected to be) received from other sources for results recognized by the country from the same national or subnational area during the period for which a country is proposing to receive payments from the GCF; and sufficient assurance that results that have been paid for by other sources have been excluded from the total volume offered to the GCF.

(d) Written consent for participation in the RFP provided by the REDD-plus national entity/focal point to the UNFCCC where a national entity/focal point has been nominated by a country.

(e) A no objection letter (NOL) provided by National Designated Authority (NDA) at the time of submission of the RBP Funding Proposal.

23. The Concept Note may include additional information that supports the above required documentation or on other criteria mentioned in the scorecard.

24. The Concept Notes will be assessed by the Secretariat against the eligibility criteria as set out in section 1 of the scorecard contained in Annex III.

25. Concept Notes fulfilling the criteria will be invited to submit a complete RBP Funding Proposal. A Concept Note may be resubmitted considering the results of the scorecard allowing improvements after the first submission.

4.2 Stage 2: Developing a GCF REDD-plus results-based payment funding proposal:

26. A complete RBP Funding Proposal should be submitted by the selected AE. The complete Funding Proposal should be submitted consistent with the template developed specifically for REDD-plus RBP Funding Proposals. In addition to the references to the documents requested in the Concept Note, the proposal will require the following additional information:

- If not already submitted in the Concept Note, reference to the BUR Technical Annex containing the REDD-plus results for which payments are being requested, and the report of the completed Technical Analysis\(^{16}\) as made available on the UNFCCC website;

- Achieved results offered to the pilot programme as well as indication of expected results to be achieved and offered to the GCF in the following years of the eligibility period;

- A description of the alignment of the proposals with the GCF Investment Framework during the full period over which results were generated;

- The ESA describing how the activities leading to the relevant results align with the applicable and relevant requirements of the GCF environmental and social standards. The ESA should indicate how environmental and social risks have been managed, and how the activities complied with the national requirements during the full period of reported results;

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\(^{15}\) See section 3.7.

\(^{16}\) The results measured against the reference levels, must pass through a technical analysis process per UNFCCC decision14/CP19.
o Any additional information on safeguards considered by the country to provide sufficient information to demonstrate that each Cancun safeguard has been addressed and respected in the full period during which results were generated;

o Evidence that demonstrates that the information on safeguards has been made transparently available to domestic and other stakeholders;

o A description of the measures to be undertaken for assurance that such emission reductions, for which payments are being requested, will not be transferred, offered for payments, and/or used for other purposes (e.g. offsetting);

o Information, to the extent possible, on how different financing (public and private, bilateral and multilateral) contributed to the achievement of the reported results;

o If applicable, a description of different FREL/FRLs used for other purposes;

o A description, with any available evidence, of non-carbon benefits associated with the implementation of REDD-plus activities during the eligibility period (optional);

o Countries are invited to provide information on the nature, scale and importance of non-carbon benefits for the long-term sustainability of REDD-plus activities (optional)\(^\text{17}\);

o A description of how the proceeds will be used consistent with the country’s NDC and national REDD-plus strategy, and/or low-GHG development strategy including a timeline of implementation of public and private institutions involved as well as relevant stakeholders consistent with the objectives of the GCF and corresponding ESS requirements. It may also include a benefit sharing plan;

o Please describe how the plan for the use of proceeds will facilitate management of financial, technical and operational, social and environmental, and other risks

o If the scale of the FREL/FRL and results are subnational, a description of how the subnational scale is defined, how it contributes to national ambition for emissions reductions (e.g. toward the achievement of the NDC or the implementation of the REDD-plus strategy), a demonstration that an aggregation of such subnational units can constitute the national level, and information on when, and how, the country intends to scale its efforts up to the national level.

27. Subsequent submissions of funding proposals may be simplified, for example, if much of the relevant information remains the same. However, if basic eligibility elements, for example, if the FREL/FRL has changed, a new concept note would need to be submitted for approval by Secretariat.

28. Support from the project preparation facility (PPF) can be requested for the preparation of the RBP Funding Proposal in line with decision B.13/21.

4.3 Assessment of the results-based payments Funding Proposals and distribution of payments

29. The results already achieved in the proposals submitted will be considered by the Secretariat based on the scorecard included in Annex III. The indicative results to be achieved in the following years of the eligibility period will be considered for estimating potential payments and availability of funding for receiving proposals.

30. Depending on the number of funding proposals received, the Secretariat may take two to four weeks to respond and provide feedback to the AEs. The Secretariat may request

\(^{17}\) Noting UNFCCC decision 18/CP.21.
additional information, clarification, and revision of the submission, based on its second-level due diligence.

31. After the second-level due diligence and completion of the review against the relevant sections of scorecard included in Annex III related to GCF policies and procedures done by the Secretariat, the independent Technical Advisory Panel (TAP) will assess the funding proposal using the scorecard provided in Annex III. The independent TAP should ensure relevant expertise for the review of the proposal, through the use of LULUCF experts selected from the UNFCCC roster of experts and with experience in REDD-plus assessment and analysis.\(^\text{18}\)

32. The Secretariat will provide to the Board of a proposed results-based payments based on the results of the application of the scorecard by the Secretariat and independent TAP and the approach set out in section 3.4 above.

### 4.4 Board consideration

33. The Secretariat will submit a recommendation based on its review and the assessment report by ITAP to the Board for consideration and potential approval of qualified Funding Proposals. The Secretariat will also submit a proposed distribution of payments among qualified Funding Proposals based on the results of the application of the scorecard, the criteria set out in section 3.4 above.

### 4.5 Legal arrangements and disbursement:

34. The GCF will transfer funds through the accredited entity to the recipient defined in the funding proposal in a single disbursement after approval by the Board. The fees will be negotiated between the GCF and the accredited entity based on the delegated authority to the Executive Director of the GCF to decide a fee structure for RBPs. Further details on the legal arrangements will be developed for the purpose of the REDD-plus RBP and reflected in the funded activity agreement (FAA).

35. The Fund will have the rights to conduct ad hoc checks, evaluations and/or investigations in respect of the past activities that led to the REDD-plus results for which the RBPs have been made based on the information, due diligence reports and technical reports provided in the Funding Proposal.

36. The Fund will have rights under the FAA to seek refund of all or part of the RBP or to exercise other remedies in circumstances where past activities were conducted in a manner inconsistent with the requirements of the pilot programme.

### V. Monitoring and progress control

37. AEs will be required to provide reporting\(^\text{19}\) on the use of proceeds in compliance with GCF interim ESS standards, Gender Policy, Indigenous People’s Policy and Interim Policy on Prohibited Practices in a form of a yearly report.

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\(^{18}\) GCF decision B.10/09: “The panel will, with the help of the Secretariat, draw on technical expertise, particularly including that from, but not limited to, the UNFCCC roster of experts and thematic bodies, as appropriate”.

\(^{19}\) A simplified reporting regime will be established in place of that set out in the MAF for the use of RBPs which should include information on the activities undertaken with GCF funding and reporting compliance with the above mentioned GCF policies. The reporting period would be consistent with the period of execution of the proceeds as presented in the description on how proceeds will be used.
VI. Lessons learned

38. The current RFP shall not prejudice future GCF REDD-plus RBPs. The secretariat will conduct an analysis of the experience with, and the progress made towards achieving the objectives of the pilot programme for REDD-plus RBP for consideration by the Board no later than its last meeting in 2019.
### Annex XII: Draft scorecard

<table>
<thead>
<tr>
<th>Document</th>
<th>Scorecard sections</th>
<th>Type of assessment</th>
<th>Compliance with</th>
</tr>
</thead>
<tbody>
<tr>
<td>Concept Note (Stage 1)</td>
<td>Section 1: Eligibility criteria</td>
<td>Pass/fail</td>
<td>UNFCCC and GCF</td>
</tr>
<tr>
<td></td>
<td><em>It is required that all mandatory criteria qualify as “pass” for a proposal to be eligible for the pilot programme.</em></td>
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<tr>
<td>Funding Proposal (Stage 2)</td>
<td><strong>Section 2: Carbon elements</strong></td>
<td>Quantitative</td>
<td>UNFCCC and GCF</td>
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<tr>
<td></td>
<td>a. Forest Reference Emission Level or Forest Reference Level (FREL/FRL)</td>
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<td></td>
<td>b. REDD-plus results reporting (BUR Annex)</td>
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<td></td>
<td><strong>Section 3: Non-carbon elements</strong></td>
<td>Qualitative</td>
<td>UNFCCC and GCF</td>
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<tr>
<td></td>
<td>a. Cancun Safeguards</td>
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<tr>
<td></td>
<td>b. Use of proceeds and non-carbon benefits</td>
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<td></td>
<td><strong>Section 4: GCF Investment Framework</strong></td>
<td>Qualitative</td>
<td>GCF</td>
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<td></td>
<td><em>The criteria of the Investment Framework will be applied to inform on past actions towards achieving results.</em></td>
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<td></td>
<td><strong>Section 5: GCF Policies</strong></td>
<td>Qualitative</td>
<td>GCF</td>
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<tr>
<td></td>
<td><em>Policies related to ESS, Risks, Gender and Monitoring and Evaluation would be considered for past and future actions where applicable.</em></td>
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</table>
### First stage scorecard (based on the Concept Note)

<table>
<thead>
<tr>
<th>Eligibility criteria</th>
<th>Evaluation</th>
<th>Indicative guidance</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>In relation to UNFCCC decisions</strong></td>
<td></td>
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</tr>
<tr>
<td>(i) Has a link to the National REDD-plus strategy or Action Plan been provided to the UNFCCC REDD-plus platform or is otherwise publicly available?</td>
<td>Pass/Fail</td>
<td>If yes, provide link</td>
</tr>
<tr>
<td>(ii) Has information on the NFMS(^1) been provided [to the UNFCCC Web platform in case BUR annex is not yet submitted or] within the Technical Annex to the BUR?</td>
<td>Pass/Fail</td>
<td>If yes, provide link Noting Decision 1/CP.16, paragraph 71(c), footnote 7.</td>
</tr>
<tr>
<td>(iii) Has the FREL/FRL applicable to the results periods under consideration been submitted and its Technical Assessment (TA) finalized?</td>
<td>Pass/Fail</td>
<td>If yes, provide links to the FREL/FRL and the TA report.</td>
</tr>
<tr>
<td>(iv) Is a system in place for providing information on how all of the safeguards referred to in Appendix I of 1/CP.16 are addressed and respected?</td>
<td>Pass/Fail</td>
<td>If yes, provide evidence of the system</td>
</tr>
<tr>
<td>(v) Has a summary of information been provided to the UNFCCC Information Hub or in the National Communication on how all of the safeguards were addressed and respected during the results period under consideration?</td>
<td>Pass/Fail</td>
<td>If yes, provide link</td>
</tr>
<tr>
<td>(vi) Have REDD-plus results, within the eligible period for the RfP, been reported in a Technical Annex to the BUR?</td>
<td>Pass/Fail</td>
<td>If yes, provide link to the BUR (should appear on UNFCCC website)</td>
</tr>
<tr>
<td>(vii) Has the Technical Analysis been completed or an expected date of completion been provided?</td>
<td>Pass/Fail</td>
<td>If yes, provide link of the report or provide evidence of when the Technical Analysis will be concluded</td>
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<tr>
<td><strong>Eligible scale</strong></td>
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<td>(viii) Is the scale of results at a national or, on an interim basis, subnational level?</td>
<td>Pass/Fail</td>
<td>If yes, see section 3.7 for definition of subnational level</td>
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<tr>
<td><strong>Other</strong></td>
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</tr>
<tr>
<td>(ix) Does the Concept Note include a No Objection Letter from the NDA and written consent from the National REDD-plus Focal Point or Entity?</td>
<td>Pass/Fail</td>
<td>If yes, provide supporting evidence (e.g. letter from REDD-plus focal point or entity)</td>
</tr>
<tr>
<td><strong>Total Concept Note Assessment</strong></td>
<td>Pass/Fail</td>
<td>Pass requires “pass” on all elements above</td>
</tr>
</tbody>
</table>

---

\(^1\) Noting UNFCCC decision 1/CP.16, paragraph 71(c), footnote 7.
## Second stage scorecard (based on the Funding Proposal)

### Section 2: Carbon Elements

#### Section 2a. Forest Reference Emission Level / Forest Reference Level (FREL/FRL)

The following items are scored on the basis of the UNFCCC Technical Assessment Report.

<table>
<thead>
<tr>
<th>Evaluation</th>
<th>Indicative guidance</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>(i)</strong> Is the FREL/FRL consistent with the GHG inventory, including the definition of forest used?</td>
<td>0 to 2</td>
</tr>
<tr>
<td><strong>(ii)</strong> Is the FREL/FRL based on historical data and is it equal to or below the average annual historical emissions during the reference period, unless a country is an HFLD country?</td>
<td>Pass/Fail</td>
</tr>
<tr>
<td><strong>(iii)</strong> Is the FREL/FRL in accordance with the guidelines in Decision 12/CP.17?</td>
<td>Fail or score</td>
</tr>
<tr>
<td><strong>(iv)</strong> Is the data and information provided in for the FREL/FRL transparent?</td>
<td>Fail or score</td>
</tr>
<tr>
<td>(v) Is the FREL/FRL complete? (has information been provided that allows for the reconstruction of the FREL/FRL?)</td>
<td>Fail or score</td>
</tr>
<tr>
<td>---</td>
<td>---</td>
</tr>
<tr>
<td>2 = no significant issues were raised</td>
<td></td>
</tr>
<tr>
<td>1 = significant issues were raised and were resolved; or issues that were not resolved due to the limitation of time and data but were not material to the completeness of the FREL/FRL, and the country has provided a plan on how it will seek to overcome them</td>
<td></td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>(vi) Is the FREL/FRL consistent? (were data and methodologies applied consistently over the time series used for the construction of the FREL/FRL?)</th>
<th>Fail or score</th>
</tr>
</thead>
<tbody>
<tr>
<td>2 = no significant issues were raised</td>
<td></td>
</tr>
<tr>
<td>1 = significant issues were raised and were resolved; or issues that were not resolved due to the limitation of time and data but were not material to the completeness of the FREL/FRL, and the country has provided a plan on how it will seek to overcome them</td>
<td></td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>(vii) Is the FREL/FRL accurate? (The data and methodologies used neither over- nor under-estimate emissions and/or removals during the reference period, so far as can be judged)</th>
<th>Fail or score</th>
</tr>
</thead>
<tbody>
<tr>
<td>2 = no significant issues were raised</td>
<td></td>
</tr>
<tr>
<td>1 = significant issues were raised and were resolved; or issues that were not resolved due to the limitation of time and data but were not material to the accuracy of the FREL/FRL, and the country has provided a plan on how it will seek to overcome them</td>
<td></td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>(viii) Have all REDD-plus activities that are a significant source of emissions been included?</th>
<th>Fail or score</th>
</tr>
</thead>
<tbody>
<tr>
<td>2 = yes</td>
<td></td>
</tr>
<tr>
<td>1 = no, but justified due to lack of data and/or the omission does not overestimate emissions or underestimated removals, noting that countries should indicate a plan to include data in the future</td>
<td></td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>(ix) Have all of the most significant pools been included?</th>
<th>0 to 2</th>
</tr>
</thead>
<tbody>
<tr>
<td>2 = yes</td>
<td></td>
</tr>
<tr>
<td>1 = no, but justified due to lack of data and/or the omission does not overestimate emissions or underestimate removals, noting that countries should indicate a plan to include data in the future</td>
<td></td>
</tr>
<tr>
<td>0 = no</td>
<td></td>
</tr>
</tbody>
</table>
(x) Have all gases that are a significant source of emissions been included? | 0 to 2 | 0= no  
| | 1 = no, but justified due to lack of data and/or the omission does not overestimate emissions, noting that countries should indicate a plan to include data in the future | 2= yes |

(xii) Have any significant issues related to the application of IPCC GLs/GPGs been raised in the TA report? | Fail or score | Fail = significant issues that are material to the alignment with the methodologies of the IPCC GLs/GPGs were raised and not resolved  
| | 1 – significant issues were raised and could not be resolved due to the limitation of time and data, and the country has provided a plan on how it will seek to overcome them  
| | 2 – no significant issues were raised |

(xi) Is the information provided in the construction of the FREL/FRL (data, methodologies and estimates) guided by the most recent applicable IPCC guidance and guidelines as adopted by the COP? | Fail or score | Fail – not guided by IPCC guidance  
| | 1 – guided by 2003 GPGs  
| | 2 – guided by 2006 GLs |

The following criteria are additional to the UNFCCC Technical Assessment and Analysis process

(xiii) What is the ref period for the FREL/FRL? | Fail or score | Fail: < 5 years or > 20  
| | 1: 5-9 or 16-20  
| | 2: 10-15 years |

(xiv) How does the reference level for the results included in the proposal compare to the previous ref level that applies to the same area? | Fail or score | Fail – the later reference level reflects higher emissions level or lower removals  
| | 1 – no adjustment made or no previous FREL/FRL submission  
| | 2 – later reference level reflects lower emissions level or higher removals |

(xv) Has the country provided information on aggregate uncertainties, taking into account national capabilities and circumstances? | Fail or score | 0: No information on uncertainties provided or > 50%  
| | Note: 0 = FAIL for FRELs submitted for assessment from 2019 if no information on uncertainties has been provided.  
| | 1: < 50%, and assumptions and sources of uncertainties are identified and assessed for their relative contribution |

2 Noting that for the estimation of forest-related emissions and removals there are very few substantial differences between the 2003 GPGs /2006 GL (i.e. guidance on HWPs).  
3 Countries that have already submitted FREL/FRLs with longer reference periods as of the launch of this RIP, or those submitting for assessment in 2018, may provide a recalculation of the FREL/FRL and results based on submitted and technically assessed and analyzed data/information, without changing the annualized estimations and using the same methodologies.
Section 2b. REDD-plus Results reporting

The following items are scored on the basis of the UNFCCC Technical Analysis report of the reporting of REDD-plus results (in the technical annex to the BUR, results considered as assessed in the TA report)

<table>
<thead>
<tr>
<th>Item</th>
<th>Score</th>
</tr>
</thead>
</table>
| (i) Are the reported results in the technical annex to the BUR consistent with the FREL/FRL? (including the inclusion of same pools, activities and gases) | Pass/Fail      
Pass = yes (2 points)  
Fail = no |
| (ii) Is the data and information provided in the technical annex transparent? (has information been provided to allow an understanding of how UNFCCC guidance on results reporting has been addressed?) | Fail or score  
Fail = significant issues that are material to the transparency of the FREL/FRL were raised and not resolved  
1 – significant issues were raised and were resolved; or issues that were not resolved due to the limitation of time and data but were not material to the transparency of the results, and the country has provided a plan on how it will seek to overcome them  
2 – no significant issues were raised |
| (iii) Is the data and information provided in the technical annex complete? (has information been provided that allows for the reconstruction of the results?) | Fail or score  
Fail = significant issues that are material to the understanding of FREL/FRL were raised and not resolved  
1 – significant issues were raised and were resolved; or issues that were not resolved due to the limitation of time and data but were not material to the completeness of the results, and the country has provided a plan on how it will seek to overcome them  
2 – no significant issues were raised |
| (iv) Is the data and information provided in the technical annex consistent? (were data and methodologies applied consistently over the results time series?) | Fail or score  
Fail = significant issues that are material to the consistency of the FREL/FRL were raised and not resolved  
1 – significant issues were raised and were resolved; or issues that were not resolved due to the limitation of time and data but were not material to the consistency of the results, and the country has provided a plan on how it will seek to overcome them  
2 – no significant issues were raised |
| (v) Is the data and information provided in the technical annex accurate? (does it neither over- nor under-estimate emissions and/or removals?) | Fail or score  
Fail = significant issues that are material to the accuracy of the FREL/FRL were raised and not resolved |
(vi) What is the number of years between the last year of the FREL period, and the year corresponding to the results being proposed for payments?

| Scoring | 0 – 10 or more years | 1 – 6 to 9 years | 2 – 5 or less |

The following items are based on additional information required by the GCF

(vii) Has the country provided information on aggregate uncertainties, taking into account national capabilities and circumstances?

| Fail or score | 0: No information on uncertainties provided or > 50% Note: 0 = FAIL for FRELs submitted for assessment from 2019 if no information on uncertainties has been provided. 1: < 50% and assumptions and sources of uncertainties are identified and assessed for their relative contribution 2: < 30% and most sources of error are included and process has been implemented to minimize systematic and random errors |

(viii) Has information been provided on payments that have been (or are expected to be) received from other sources for results recognized by the country from the same national or subnational area during the period for which a country is proposing to receive payments from the GCF? And has the country provided sufficient assurance that results that have been paid for by other sources have been excluded from the total volume offered to the GCF?

| Pass/Fail | Fail = no  
Pass = yes (2 points) |

(ix) Are the results proposed to the GCF for payment included in a registry or similar system, that tracks emission reductions and corresponding payments to ensure there is no past or future double payment [or use] of such ERs?

| Pass/Fail | Fail = no  
Pass = yes (2 points) |

**TOTAL**

| Maximum total = 48 |

*Fail on one criteria implies failing the programme.*

---

4 Through the REDD-plus national entity or focal point, where appointed
5 Tracking information should at a minimum identify for each of these results the corresponding national or subnational area, the entity eligible to receive payment, the year generated, and the source of results-based payments received and, where possible, the identifying number.
### Section 3: Non-carbon elements*

#### Section 3a: Safeguards in 1/CP.16, Appendix I (i.e. the “Cancun Safeguards”)

The following is based on the “Summary of information on how the safeguards in 1/CP.16 are being addressed and respected throughout the implementation of activities” (Decision 12/CP.17).

Does the “summary of information on safeguards” provide information on how each of the safeguards below were addressed and respected in a way that ensures transparency, consistency, comprehensiveness and effectiveness:

<table>
<thead>
<tr>
<th>(i) That actions complement or are consistent with the objectives of national forest programmes and relevant international conventions and agreements.</th>
<th>Pass/Fail</th>
<th>Fail = the summary is missing information to understand how the safeguard has been addressed and respected.</th>
<th>Pass = the summary provides information on how the safeguard was addressed and respected taking into account decision 17/CP.21</th>
</tr>
</thead>
<tbody>
<tr>
<td>(ii) Transparent and effective national forest governance structures, taking into account national legislation and sovereignty.</td>
<td>Pass/Fail</td>
<td></td>
<td></td>
</tr>
<tr>
<td>(iii) Respect for the knowledge and rights of indigenous peoples and members of local communities, by taking into account relevant international obligations, national circumstances and laws, and noting that the United Nations General Assembly has adopted the United Nations Declaration on the Rights of Indigenous Peoples.</td>
<td>Pass/Fail</td>
<td></td>
<td></td>
</tr>
<tr>
<td>(iv) The full and effective participation of relevant stakeholders, in particular indigenous peoples and local communities, in the actions referred to in paragraphs 70 and 72 of this decision.</td>
<td>Pass/Fail</td>
<td></td>
<td></td>
</tr>
<tr>
<td>(v) That actions are consistent with the conservation of natural forests and biological diversity, ensuring that the actions referred to in paragraph 70 of this decision are not used for the conversion of natural forests, but are instead used to incentivize the 12 protection and conservation of natural forests and their ecosystem services, and to enhance other social and environmental benefits.</td>
<td>Pass/Fail</td>
<td></td>
<td></td>
</tr>
<tr>
<td>(vi) Actions to address the risks of reversals.</td>
<td>Pass/Fail</td>
<td></td>
<td></td>
</tr>
<tr>
<td>(vii) Actions to reduce displacement of emissions.</td>
<td>Pass/Fail</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

#### Section 3b: Use of proceeds and non-carbon benefits

Has information been provided on how proceeds will be used consistent with GCF policies? Has information been provided on how the proceeds will be used in a manner consistent with the country’s NDC, national REDD-plus strategy and/or low carbon development plans and policies? Has information been provided on how the proceeds used in a manner that

| Fail or score | FAIL = information not consistent with GCF policies, or not in line with a country’s NDC, national REDD-plus strategy and/or low carbon development plans and policies? |
contributes to the long-term sustainability of REDD-plus activities, including non-carbon benefits?

<p>| | |</p>
<table>
<thead>
<tr>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>1 = Information is consistent with GCF policies, and is in line with the country’s NDC, national REDD-plus strategy and/or low carbon development plans and policies.</td>
<td>2 = Information is consistent with GCF policies, and is in line with the country’s NDC, national REDD-plus strategy and/or low carbon development plans and policies, and explains the nature, scale and importance of NCBs for the long-term sustainability of REDD-plus activities.</td>
</tr>
</tbody>
</table>

**TOTAL score section 3b**

*Fail on one criteria implies failing the programme.*
# Second stage scorecard (based on Funding Proposal)

<table>
<thead>
<tr>
<th>Section 4: Investment Framework</th>
<th>Evaluation (If applicable)(^6)</th>
<th>Definition</th>
</tr>
</thead>
<tbody>
<tr>
<td>Impact Potential</td>
<td>high/medium/low</td>
<td>Potential of the programme to contribute to the achievement of the Fund’s objectives and result areas</td>
</tr>
<tr>
<td>Paradigm Shift Potential</td>
<td>high/medium/low</td>
<td>Degree to which the REDD-plus activity can catalyze impact beyond a one-off programme investment</td>
</tr>
<tr>
<td>Sustainable development potential</td>
<td>high/medium/low</td>
<td>Wider benefits and priorities, including environmental, social and economic</td>
</tr>
<tr>
<td>Needs of the recipient</td>
<td>high/medium/low</td>
<td>Vulnerability and financing needs of the beneficiary country and population</td>
</tr>
<tr>
<td>Country Ownership</td>
<td>high/medium/low</td>
<td>Beneficiary country ownership of, and capacity to implement a funded project or programme (policies, climate strategies and institutions)</td>
</tr>
<tr>
<td>Efficiency and effectiveness</td>
<td>high/medium/low</td>
<td>Economic and, if appropriate, financial soundness of the programme</td>
</tr>
</tbody>
</table>

\(^6\) Following decision B.09/05, the evaluation is applicable for medium- and large-size proposals.
### Section 5: GCF Policies

<table>
<thead>
<tr>
<th>Evaluation</th>
<th>Score</th>
<th>Indicative guidance for the period of the results considered in the RFP</th>
<th>Indicative Guidance for the use of proceeds</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Environment and Social Safeguards (ESS)</strong></td>
<td>Pass/fail</td>
<td>Adequate and sufficient information provided in an environmental and social assessment (ESA) report describing the extent to which the measures undertaken to identify, assess, and manage environmental and social risks and impacts, in the context of the REDD-plus proposal, were consistent with the requirements of the applicable GCF ESS standards. This supplements information containing the country’s own assessment as to how the Cancun safeguards were addressed and respected in the REDD-plus activities.</td>
<td>Adequate and sufficient information provided in an environmental and social management framework (ESMF) that will describe how environmental and social risks and impacts will be identified, assessed and managed in a manner consistent with the GCF’s ESS standards, including the determination of the relevant environmental and social risk category of the proposed activities.</td>
</tr>
<tr>
<td><strong>Risk Assessment</strong></td>
<td>Pass/fail</td>
<td>Adequate and sufficient information provided that allows for an assessment of the historical performance of the activities undertaken (track record) against the risk tolerance levels specified in the Risk Appetite Statement and the criteria (where applicable) outlined in the Risk Guidelines for Funding Proposals.</td>
<td>Adequate and sufficient information provided that details how the plan for the use of proceeds does not violate the risk tolerance levels specified in the Risk Appetite Statement and allows for performance monitoring and evaluation against the criteria (where applicable) outlined in the Risk Guidelines for Funding Proposals.</td>
</tr>
<tr>
<td><strong>Gender</strong></td>
<td>Pass/fail</td>
<td>Adequate and sufficient information provided in the assessment describing the extent to which the measures undertaken complied with the GCF gender policy.</td>
<td>Adequate and sufficient information provided on how the AE will undertake activity-level gender assessment and action plan once the details of the activities become known.</td>
</tr>
<tr>
<td><strong>Monitoring and Evaluation</strong></td>
<td>Pass/fail</td>
<td>N/A</td>
<td>Adequate and sufficient information provided on how the activities to be undertaken with the GCF proceeds comply with the GCF Monitoring and Accountability Framework.</td>
</tr>
<tr>
<td><strong>Interim policy on prohibited practices</strong></td>
<td>Pass/fail</td>
<td>1. Appropriate and sufficient information provided in a due diligence report to demonstrate that no prohibited practices occurred during the implementation of the activities that lead to the REDD-plus results, such as: undisclosed prohibited practices, including money laundering and the financing of terrorism, occurred during the implementation of results-based actions; and double payment or financing for the same results achieved.</td>
<td>2. Appropriate and sufficient information provided that assures that the activities with use of proceeds will follow the interim policy on prohibited practices, such as: undisclosed prohibited practices, including money laundering and the financing of terrorism; improper subsequent use of GCF proceeds in the prohibited practices; and double payment or financing for the same results achieved, etc.</td>
</tr>
</tbody>
</table>

---

7 Decision B.07/02.
8 Decision B.07/02.
| Indigenous Peoples’ Policy | Pass/fail | 3. N/A  
4. The application of the prospective Indigenous Peoples Policy for activities undertaken in the past will be considered through the Cancun Safeguards and the GCF ESS | 5. Adequate and sufficient information provided on how the activities will meet the requirements of the policy and guided by the prevailing relevant national laws and/or obligations of the countries directly applicable to the activities under relevant international treaties and agreements. |
Annex XIII: List of conditions and recommendations

1. The approval of the funding proposals approved by the Board pursuant to decision B.18/08 shall be conditional upon the satisfaction of the requirements set out in tables 1 and 2.

Table 1: General requirements applicable to all funding proposals

<table>
<thead>
<tr>
<th>Funding proposal number</th>
<th>Requirements</th>
</tr>
</thead>
<tbody>
<tr>
<td>All proposals</td>
<td>(i) Signing of the funded activity agreement (&quot;FAA&quot;) in a form and substance satisfactory to the GCF Secretariat within 180 days of the date of Board approval or the date when all internal approvals by the accredited entity are obtained, or date of effectiveness of the accreditation master agreement (&quot;AMA&quot;) entered into with the relevant accredited entity, whichever is later. Satisfaction of the following conditions prior to the signing of the FAA: (ii) Completion of the legal due diligence to the GCF Secretariat satisfaction; and (iii) Submission of a certificate in a form and substance that is satisfactory to the GCF's Secretariat, within 120 days after Board approval, or the date of effectiveness of the AMA entered into with the relevant accredited entity, whichever is later, confirming that the accredited entity has obtained all final internal approvals needed to implement the project/programme and it has the capacity and authority to implement the proposed project/programme.</td>
</tr>
</tbody>
</table>

Table 2: Requirements specific to individual funding proposals

<table>
<thead>
<tr>
<th>Funding proposal number</th>
<th>Requirements</th>
</tr>
</thead>
<tbody>
<tr>
<td>FP 046 (XacBank Mongolia)</td>
<td>Conditions from the Board (i) The accredited entity shall extend the entire approved GCF funding amount solely in the form of a senior loan to finance the solar power plant; (ii) Prior to the signing of the Funded Activity Agreement, the accredited entity shall deliver to the Fund a third-party report, to the satisfaction to the GCF Secretariat, confirming that the project will not crowd-out other private sector renewable energy projects that were licensed by the Energy Regulatory Commission of Mongolia in the Choir area at the date of the decision approving the project by the GCF.</td>
</tr>
<tr>
<td>FP 047 (EBRD Kazakhstan)</td>
<td>None.</td>
</tr>
<tr>
<td>FP 048 (IDB MSMEs)</td>
<td>None.</td>
</tr>
<tr>
<td>FP 049 (WFP Senegal)</td>
<td>Inclusion of the following covenants in the FAA: Relevant Secretariat covenants:</td>
</tr>
</tbody>
</table>

1 In the event of inconsistency between this condition and any equivalent condition in a term sheet, the conditions in the relevant term sheet shall prevail.
2 The requirements set out in this table are in addition to those set out in the term sheets / confirmations for the relevant Funding Proposal. In the case of Secretariat conditions for public sector funding proposals, the relevant project-specific conditions agreed in the term sheet are listed here for the Board’s reference.
(i) The Accredited Entity shall create a grievance redress mechanism that will, in addition to the Independent Redress Mechanism of the GCF and the redress mechanism of the Accredited Entity, be able to effectively receive and resolve grievances due to the Project, and shall inform the GCF Secretariat, in the Annual Performance Reports (APRs), of how the existence and access details to the grievance redress mechanism have been communicated to the affected or potentially affected peoples and communities.

<table>
<thead>
<tr>
<th>FP 050 (WWF Bhutan)</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Satisfaction of the following conditions prior to the signing of the FAA</strong></td>
</tr>
<tr>
<td><strong>Relevant Secretariat conditions</strong></td>
</tr>
<tr>
<td>(i) Confirmation by the Accredited Entity on the fiduciary capacity of the Executing Entities, to assess capacity, policies, procedures and controls of the Executing Entities meet WWF’s financial management and procurement standards; and (ii) Confirmation in writing by the Accredited Entity that all co-financing that is necessary to close the Transition Fund in the amount of USD 91,670,648 is fully committed in the form of legally binding agreements.</td>
</tr>
</tbody>
</table>

| **Satisfaction of the following conditions prior to the first disbursement under the FAA:** |
| **Relevant Secretariat conditions** |
| (i) A written confirmation by the Accredited Entity that the Transition Fund has the authority and capacity to receive, hold and manage funds. |

| **Satisfaction of the following conditions prior to all disbursements under the FAA, except the first:** |
| **Relevant Secretariat conditions** |
| (i) Submission by the Accredited Entity of the following documents: |

1. APRs, including technical and financial monitoring and reporting on BFL to ensure that:
   - All Activities planned in a given year, as specified in the Funding Proposal are implemented; and
   - All Milestones and Indicator Targets, as specified in the Funding Proposal, relevant to a given year are achieved.

2. Evidence showing no-net-loss of area under Protected Areas;

3. Evidence showing RGoB budget allocation for the BFL project corresponding to a 20% real increase for the first year, and a 5.2% real increase for each subsequent year until the end of the 14 years Transition Fund period;

4. Evidence showing that the RGoB through the Bhutan Trust Fund for Environmental Conservation contributes at least 500,000 USD per year to support BFL activities throughout the 14 year life of the Transition Fund in addition to the RGoB budget increases specified in point (3) above; and

| FP051 | **Satisfaction of the following conditions prior to the first disbursement under the FAA:**  
**Relevant ITAP conditions**  
(i) In order to measure the mitigative performance of this Project, a clear monitoring and reporting procedure guiding this Project shall be agreed between the Accredited Entity and the Secretariat, prior to the first disbursement.  
**Satisfaction of the following conditions prior to all disbursements under the FAA, except the first:**  
**Relevant Secretariat conditions**  
(i) Except for the first disbursement, submission by UNDP of annual performance reports (APRs) and financial reports, including evidence of the achievement of the milestones specified in Clause 6 of this Term Sheet, in form and substance agreed by the Parties and in accordance with the AMA;  
**Relevant ITAP conditions**  
(ii) The monitoring and reporting report shall be submitted on an annual basis as part of the APRs by the Accredited Entity to the Fund. |
| FP052 | **Inclusion of the following covenants in the FAA:**  
**Relevant Secretariat covenants**  
(i) Prior to commencing any construction works or activities for the implementation of the Project, the Accredited Entity shall submit the detailed Construction Environmental Management Plan (CEMP) related to the relevant construction works or activities to be executed and addressing key issues identified in the due diligence, including but not limited to, waste management, associated facilities, cumulative impacts, stakeholder engagement and community relations, chance find procedure, oil spill contingency, early warning, and emergency preparedness and response. |
| FP053 | **None.** |
| FP054 | **Satisfaction of the following conditions prior to the first disbursement under the FAA:**  
**Relevant Secretariat conditions**  
(i) Delivery by the Accredited Entity to the GCF Secretariat of the OM, which shall detail all operative processes and set forth the financial administrative aspects, including procurement processes, and along with the written confirmation of the Accredited Entity’s non-objection to such OM.  
**Satisfaction of the following conditions prior to the second disbursement of non-reimbursable funds:**  
**Relevant Secretariat conditions**  
(i) Delivery to the GCF Secretariat by the Accredited Entity of a written confirmation that the PBA has developed, to the satisfaction of the Accredited Entity, and is committed to implement, a detailed Knowledge and Dissemination Strategy for the Project which shall enhance the role of the COMILU.  
**Inclusion of the following covenants in the FAA:**  
**Relevant Secretariat covenants**  
(i) Prior to commencing any construction works or activities for the implementation of the Project, the Accredited Entity shall submit to the Fund, in English, the detailed Environmental and Social Impacts
<table>
<thead>
<tr>
<th>FP056 (UNDP Colombia)</th>
<th>Satisfaction of the following conditions prior to the second disbursement under the FAA:</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Relevant Secretariat conditions</strong></td>
<td>Delivery by the Accredited Entity to the Fund, in a form and substance acceptable to the GCF Secretariat, of the Operations and Maintenance Manual (O&amp;M manual) finalised to the satisfaction of the GCF Secretariat;</td>
</tr>
<tr>
<td><strong>Relevant ITAP conditions</strong></td>
<td>UNDP must provide a report satisfactory to GCF Secretariat that: (1) The management, operation, maintenance, and monitoring schemes of the mini-aqueducts are developed and operational; and (2) the programme and coverage of the agro-ecological systems is being implemented by the service provider, as indicated in the funding proposal, specifying the recipient communities and the management and monitoring arrangements.</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>FP058 (MOFEC Ethiopia)</th>
<th>Satisfaction of the following conditions prior to the signing of the FAA:</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Relevant Secretariat conditions</strong></td>
<td>Submission to the Fund by the Accredited Entity of the completed financial management and procurement risk assessment of the Executing Entities to the satisfaction of the Accredited Entity.</td>
</tr>
</tbody>
</table>

**FP058 (MOFEC Ethiopia)**

**Satisfaction of the following conditions prior to the first disbursement under the FAA:**
Relevant Secretariat conditions

(i) Submission by the Accredited Entity of the completed Project Implementation Manual ("PIM"), in a form and substance satisfactory to the GCF Secretariat;

Relevant iTAP conditions

(ii) The Accredited Entity shall submit to the Fund, in a form and substance satisfactory to the GCF Secretariat, the results of a completed water-balance study, including bore hole data at different strata where exploitable groundwater exists in all 66 target Kebeles, confirming the feasibility to maintain the balance of the water table of the aquifer at positive or neutral levels throughout the expected project lifespan of the water-pumping activities (i.e., 22 years after commencement of component 1).

Inclusion of the following covenants in the FAA:

Relevant Secretariat covenants

(i) The Accredited Entity shall ensure that an external communications mechanism (for providing a system to receive, document and respond to questions or complaints from the general public), can also be employed as an institutional-level grievance redress mechanism and that it is accessible to the communities in the Project area and other stakeholders to receive and address complaints related to the Project, in an effort to complement the project-level grievance redress mechanism.

2. In addition, it is recommended that, for all approved funding proposals, disbursements by the GCF should be made only after the GCF has obtained satisfactory protection against litigation and expropriation in the country where the project/programme will be implemented, or has been provided with appropriate privileges and immunities in that country.

3. It is also recommended that the Accredited Entity implements the following recommendations during the implementation of the relevant project or programme.

Table 3: Project-specific recommendations

<table>
<thead>
<tr>
<th>Funding proposal number</th>
<th>Recommendation</th>
</tr>
</thead>
<tbody>
<tr>
<td>FP 046 (XacBank Mongolia)</td>
<td>None.</td>
</tr>
<tr>
<td>FP 047 (EBRD Kazakhstan)</td>
<td>None.</td>
</tr>
<tr>
<td>FP 048 (IDA CSA)</td>
<td>None.</td>
</tr>
<tr>
<td>FP 049 (WFP Senegal)</td>
<td>Relevant iTAP recommendations:</td>
</tr>
<tr>
<td></td>
<td>(i) Appropriate gender-sensitive training should be designed and administered in such a fashion that, in the process, time away from the training recipients’ household chores does not affect their overall household harmony;</td>
</tr>
<tr>
<td></td>
<td>(ii) The project should conduct a study to analyse the opportunity of lifting the existing monopoly agriculture insurance company supported by the Government of Senegal, towards creating additional opportunities for other micro-insurance companies to provide for competitive options for farmers; and</td>
</tr>
</tbody>
</table>
The monitoring and evaluation function should be enhanced in view of the potential increase in the application of agrochemicals and fertilizers, which must be supplemented with training on integrated pest management and the application of organic fertilizers.

<table>
<thead>
<tr>
<th>FP 050</th>
<th>Relevant iTAP recommendations:</th>
</tr>
</thead>
<tbody>
<tr>
<td>(WWF Bhutan)</td>
<td>(i) The independent Technical Advisory Panel recommends the Secretariat to monitor and avoid the potential double counting in mitigation impact achieved by BFL project and REDD-plus action plan implementation.</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>FP051</th>
<th>None.</th>
</tr>
</thead>
<tbody>
<tr>
<td>(UNDP Bosnia-Herzegovina)</td>
<td></td>
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</table>

<table>
<thead>
<tr>
<th>FP052</th>
<th>None.</th>
</tr>
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<tbody>
<tr>
<td>(ADB Nauru)</td>
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</table>

<table>
<thead>
<tr>
<th>FP053</th>
<th>Relevant iTAP recommendations:</th>
</tr>
</thead>
<tbody>
<tr>
<td>(UNDP Egypt)</td>
<td>(i) The constructions are made in full alignment and legal permission of the provision created under the Environmental Protection Law (1994) and law number 48/1982 on Protection of the Nile River and Waterways to prevent pollution from various project activities, including dredging; (ii) In addition to the provisions of the Environment and Social Management Framework (ESMF) section 5.2.2 (e and f), refrain from construction activities in the beach/water front areas during the peak nesting and hatching season for sea turtles. This should be highlighted in the proposed Biodiversity Action Plan, as indicated in the ESMF document; and (iii) Extend the scope of environmental auditing, to take into consideration the inclusion of representatives from scientific communities, civil society organizations and media in a joint audit team, instead of an environmental audit team consisting of personnel from only UNDP and Shoreline Protection Agency (as in section 3.2.7 of annex VI (b) of funding proposal package).</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>FP054</th>
<th>Relevant iTAP recommendations:</th>
</tr>
</thead>
<tbody>
<tr>
<td>(CAF Argentina)</td>
<td>(i) Evidence of the inclusion of the due diligence recommendations in the final detailed engineering design of the projects should be presented to the GCF Secretariat before the start of construction of the facilities.</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>FP056</th>
<th>Relevant iTAP recommendations:</th>
</tr>
</thead>
<tbody>
<tr>
<td>(UNDP Colombia)</td>
<td>(i) Ensure the participation of women in water committees by formulating and implementing criteria pertaining to these committees, in which the number of women and men involved in the management of these organizations is balanced. Proof of balanced participation should be provided to GCF Secretariat.</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>FP058</th>
<th>Relevant iTAP recommendations:</th>
</tr>
</thead>
<tbody>
<tr>
<td>(MOFEC Ethiopia)</td>
<td>(i) Strengthen Component 3 by committing to community-centric knowledge management and cross-learning activities, taking into consideration that the quoted unit price for solar-powered motors is on the higher side and there is a possibility to ’save’ part of the budgeted amount and re-invest in knowledge management activities.</td>
</tr>
</tbody>
</table>

Annex XIV: Anti-Money Laundering and Countering the Financing of Terrorism Policy

I. Introduction

1. The objective of the Green Climate Fund (GCF) is to contribute to the achievement of the ultimate objective of the United Nations Framework Convention on Climate Change (UNFCCC). In the context of sustainable development, the GCF will promote the paradigm shift towards low-emission and climate-resilient development pathways by providing support to developing countries to limit or reduce their greenhouse gas emissions and to adapt to the impacts of climate change, taking into account the needs of those developing countries particularly vulnerable to the adverse effects of climate change.

2. The GCF is committed to the highest ethical standards regarding anti-money laundering (AML) and countering the financing of terrorism (CFT) consistent with the Financial Action Task Force (FATF) recommendations in its “International Standards on Combating Money Laundering and the Financing of Terrorism & Proliferation”. This AML/CFT Policy (the Policy) aims to safeguard the GCF against money laundering (ML) and the financing of terrorism (FT or TF). The Policy outlines the principles and minimum standards of internal AML/CFT controls which should be adhered to by the GCF to mitigate reputational, regulatory, legal and financial loss risks.

3. This Policy is further to the Board Decisions in GCF/B.12/31, paragraph (i) and GCF/B.14/01, paragraph (e). It is part of a broader set of policies aimed at ensuring that GCF funds are used in line with its objective, and it lays out a set of basic principles for guidance. To operationalize this Policy, a detailed ‘AML/CFT Standard’ will be developed which will define the implementation procedures.

II. Scope and applicability

4. The staff of the GCF, its governing bodies and every other person working for the GCF (i.e. Covered Individuals) are required to adhere to this Policy to protect the GCF, and its reputation, from being misused for ML and/or TF by ensuring that they discharge their responsibilities in a manner that enables the full implementation of this Policy.

5. The GCF shall apply this Policy to its relationship with its Counterparties. Accredited entities shall, taking into account the nature and type of the entity, apply their own “Know-Your-Customer” and AML/CFT standards over their Counterparties, e.g., executing entities, implementing entities, or any other entity or person involved in the project implementation in accordance with their own policies and procedures.

6. The GCF shall take steps to ensure that Accredited Entities, and all other entities that participate in the implementation of GCF activities, have policies that are consistent with the GCF’s AML/CFT Policy.

III. Principles

7. In the context of its overriding objective to provide support to developing countries for the achievement of the goals of the UNFCCC, and with due regard to its fiduciary responsibilities, GCF shall ensure that its funds are not used to finance any illegal acts related to Money Laundering or Terrorist Financing.
8. The Policy shall be consistent with the relevant United Nations (UN) Conventions and Recommendations of the FATF.

9. GCF shall take steps to encourage its counterparties to adopt policies and procedures that are consistent with the principles set out in this Policy, with the purpose of safeguarding GCF resources from being used for Money Laundering or the Financing of Terrorism.

10. GCF Counterparties shall be responsible for identifying and mitigating the risks of Money Laundering and Terrorist Financing in deploying and managing GCF resources.

IV. Purpose and objectives

11. The purpose of the Policy is to provide principles and guidance regarding AML/CFT requirements and risks and to meet the following objectives:

   (a) Prevent the abuse of the GCF’s resources for ML and/or FT;
   (b) Meet applicable legal requirements and international standards in jurisdictions where the GCF and its Counterparties operate;
   (c) Mitigate any reputational risk;
   (d) Support the establishing and/or strengthening of capacities in countries to meet the GCF’s fiduciary standards regarding AML/CFT;
   (e) Guard against establishing any relations or undertaking any transaction that may relate to or may facilitate ML and/or FT or any other illicit activity;
   (f) Exercise due diligence when dealing with Counterparties, persons appointed to act on behalf of Counterparties and connected parties of the Counterparties; and
   (g) Continuously review and update its AML/CFT Policy and its corresponding AML/CFT Standard as threats and international standards evolve to prevent and detect ML and/or FT.

V. Definitions

12. For the purposes of this Policy the following terms shall have the meaning set out below:

   (a) Beneficial Owner means the natural person(s) who ultimately owns or controls a customer and/or the natural person on whose behalf transaction is being conducted. It also includes those persons who exercise ultimate effective control over a legal person or arrangement.
   (b) Board means the Board of the GCF.
   (c) Counterparty is any party that contributes to, executes, implements, bids for, or in any way participates in, GCF-related Activities, including receiving a grant, loan or other form of financing or support from the Fund. Counterparties include a contributor, accredited entity, direct access entity, executing entity, delivery partner, fiscal agent, financial intermediary, vendor and (for the purpose of this policy) any entity within the Secretariat that directly disburses GCF resources including for the Readiness and Preparatory Support Programme.
   (d) Counterparty Due Diligence (CDD) is a process to identify and verify the true identity of the Counterparty. This would enable the Fund to assess and evaluate the extent of ML/TF risk associated with the proposed Counterparty.
Covered Individuals means individuals working at any level or grade within the GCF, including (but not limited to) the Executive Director, management and staff of the GCF, and other individuals contracted by the GCF.

Financing of Terrorism or Terrorist Financing (TF) is defined as the commission of any offence as set out in Article 2 of the International Convention for the Suppression of the Financing of Terrorism.

Money Laundering (ML) refers to:

(i) The conversion or transfer of property, knowing that such property is derived from crime, for the purpose of concealing or disguising the illicit origin of the property or of assisting any person who is involved in the commission of the crime to evade the legal consequences of his or her actions;

(ii) The concealment or disguise of the true nature, source, location, disposition, movement, rights with respect to, or ownership of property, knowing such property is derived from crime, or;

(iii) The acquisition, possession or use of property, knowing at the time of receipt that such property was derived from a criminal offence.


Risk Based Approach (RBA) to AML/CFT is the process of identifying, assessing and understanding ML/TF risks to which the GCF is exposed and to take measures commensurate to those risks to mitigate them effectively.

Tipping-off means disclosing the fact to the Counterparty that a suspicious transaction or related information is filed with management or the authorities.

VI. Key provisions

13. The GCF shall adopt and implement a continuous risk-based approach (RBA) to identify, assess and understand its ML and TF risks. It shall also ensure measures to mitigate ML and/or TF are commensurate with the risks identified, enabling decisions on how to allocate its resources in the most effective way.

14. Under this approach, it will adhere to the following to manage AML/CFT risk:

(a) Due diligence

(i) The GCF shall apply the Counterparty Due Diligence (CDD) measures, as determined on a risk-based basis, considering the type of counterparty, counterparty relationship, financial instrument and country of operation.

(ii) The GCF shall identify and verify the identity of its Counterparties (including their beneficial owners) with which the GCF enters a counterparty relationship.

(b) Counterparty relationships

(i) The GCF shall take reasonable measures to duly assess the purpose, economic rationale and overall AML/CFT and related integrity aspects of the Counterparty and its Beneficial Owners to avoid being involved in relationships structured for the purposes of ML and TF.

(ii) The GCF will not engage with, and will terminate the existing Counterparty relationship if any, with:
1. Counterparties who do not cooperate with its CDD efforts;
2. Counterparties engaged in activities prohibited under the GCF’s Policy on
   Prohibited Practices;\(^1\) or
3. Counterparties who are currently under any financial sanctions imposed
   by United Nations.

(c) Monitoring: It shall be the responsibility of the Independent Integrity Unit to monitor
   the implementation of the policy.

(d) Reporting: Any suspicious information or red flag that comes to the knowledge of a
   Covered Individual indicating ML/TF must be immediately reported by such Covered
   Individual to the Independent Integrity Unit without informing the Counterparty or
   other third parties ('Tipping Off') that a suspicious activity is being reported or
   investigated.

(e) Record keeping: The GCF shall keep for at least 5 (five) years all records obtained
   through CDD measures and documentation regarding counterparty relations and
   executed transactions, and correspondence with the Counterparty.

(f) Confidentiality: The GCF will ensure the information on Counterparties and transactions
   obtained while fulfilling AML/CFT requirements is kept confidential.

(g) Implementation: The GCF will develop further documentation and guidance (AML/CFT
   Standard or Procedures) to implement and better enable Covered Individuals to follow
   this Policy.

(h) Review: The GCF will review and examine its AML/CFT Policy and maintain an effective
   implementation of the AML/CFT Policy for the GCF’s activities reflecting international
   best practices, consistent with evolving FATF Recommendations and changing
   requirements.

VII. Key responsibilities

15. Board: The Board is responsible for ensuring governance and oversight of the GCF’s risk
    management framework and controls regarding ML and FT.

16. Internal Audit: The Internal Audit unit shall, in accordance with its own mandate,
    provide such support as may be required by the Independent Integrity Unit to monitor
    adherence to the AML/CFT Policy.

17. Secretariat of the GCF: The IIU and the Secretariat will cooperate to ensure effective
    implementation of this policy, with responsibilities allocated in accordance with their respective
    mandates.

18. Staff of the GCF and associated persons: Staff members, consultants and other associated
    persons shall be responsible for:

   (a) Complying with the GCF’s AML/CFT Policy, standard and controls;

   (b) Familiarizing themselves with and acting in accordance with relevant GCF processes and
       procedures to manage AML/CFT compliance; and

   (c) Reporting to the Independent Integrity Unit without undue delay any suspicions (or
       actual occurrences) or red flags of ML/TF activities.

\(^1\) Sections 4 and 5 of the GCF Interim Policy on Prohibited Practices, GCF/B.12/32.
VIII. Amendment to the Policy

19. The Board shall approve the implementation of the AML/CFT Policy and any amendments thereto.

IX. Review

20. This Policy shall be reviewed at such intervals as required, to reflect international best practices, consistent with evolving FATF recommendations or as otherwise required by the Board.
Annex XV: Proposed new organizational chart of the GCF Secretariat (from 3 months to 24 months)

Abbreviations: EE = energy efficiency, ESS = environmental and social safeguards, ICT = information and communications technology, KM = knowledge management, PR = public relations.
Annex XVI: Work programme of the Secretariat for 2018 and administrative budget

I. Introduction

1. The Governing Instrument for the GCF (paras. 1-2) establishes the purpose of the GCF as being "to make a significant and ambitious contribution to the global efforts towards attaining the goals set by the international community... by providing support to developing countries to limit or reduce their greenhouse gas emissions and to adapt to the impacts of climate change." The climate change goal set by the Parties to the United Nations Framework Convention on Climate Change (UNFCCC) in Paris in 2015 is: "holding the increase in the global average temperature to well below 2°C above pre-industrial levels and pursuing efforts to limit the temperature increase to 1.5°C". These key provisions help guide the work of the GCF and its Secretariat.

2. Towards those ends, paragraph 23(e) of the Governing Instrument directs the Secretariat "to develop the work programme and annual administrative budget of the Secretariat and trustee and submit them for approval by the Board". This document is submitted in fulfilment of that requirement. It also includes in appendix IV a results framework with key 2018 performance indicators.

3. 2017 marked the first time that the Secretariat submitted an annual work programme proposal to the Board. As that work programme (B.16/21/rev.01) and its related priorities were approved by the Board only in April of this year, the Secretariat has been operating under the terms of the 2017 work programme for only five months. As a consequence, this work programme cannot provide a complete review of the Secretariat's progress relative to all of the indicators and initiatives included in the 2017 work programme. That does not mean, however, that the Secretariat has not made substantial progress. In the short time since the 2017 work programme was drafted, the Secretariat has experienced significant development on a number of fronts, including its size, its output, its vision and its ambition. These advances are reflected in key differences between the 2017 work programme and its 2018 counterpart.

4. In terms of size, by the eighteenth meeting of the Board (B.18), the Secretariat expects to have increased the number of staff that it has on board from 84 in February (when the 2017 work programme was drafted) to around 140. In addition, over the past three months we have worked closely with the expert consulting team at Dalberg Global Development Advisors to evaluate the needs, capacity and structure that would enable us to optimize our performance relative to the Board's Strategic Plan and the GCF business model. Based on our new staffing situation and related learning, the Secretariat is putting forward in document GCF/B.18/10 titled "Structure and staffing of the Secretariat" a proposal for modest structural changes and a new 2018 staffing target of 250. That document also includes a current view as to how new staff would be mapped into the organization, projecting that almost three quarters of the new hires will be devoted to project cycle functions, including reviewing and processing increasing numbers of project and concept note submissions and monitoring the growing GCF portfolio. The goals included in the 2018 work programme are based on the assumption that the proposed staffing target and structural changes are approved.

5. In terms of output, the 2018 work programme also shows substantial movement relative to its 2017 counterpart. For example, at the time of the development of the 2017 work programme, only two projects had finalized funded activity agreements (FAAs) and initiated implementation; as of 1 September, an additional 16 projects have finalized FAAs, and we expect that number to grow further by the end of the year. In addition, the number of accredited entities (AEs) has increased from 48 to 54, and now includes an even balance of 27 direct access
entities (DAEs) and 27 international entities. The 2018 work programme builds on this and other progress, and is presented with a focus that is more highly output/impact-oriented than its 2017 counterpart. In that regard, where useful, the work programme goes behind the numbers and frames related outputs in terms of their likely impact on key GCF goals. As a result, it represents a first step in the Secretariat’s movement towards more meaningful, output-based budgeting. This latter effort will also benefit from the work that the Secretariat has been doing with Dalberg in the development and use of indicative metrics for staffing relative to key outputs.

6. In terms of vision, the 2018 work programme focuses on functional areas and programmes rather than on the Secretariat’s individual divisions and offices. This change from the 2017 work programme is purposeful, and more than cosmetic. It reflects both a clear understanding of the essential interdependence of the Secretariat divisions and offices in the achievement of the overall GCF goals and the growing capacity of the Secretariat, which enables an increasing use of cross-Secretariat teams. It also reflects a growing appreciation for the potential contributions of complementary actors in achieving the goals of the GCF. Another difference in vision relates to the 2018 work programme’s planning horizon. Specifically, while the 2017 work programme looked almost exclusively at the Secretariat’s work for that single year, this year’s work programme often frames its programmes and initiatives using a longer planning horizon. This will enable us to begin with an end in mind and prepare the Secretariat for how the GCF could look in the future, if current trend lines hold and/or important new policies are adopted by the Board.

7. A final difference in the 2018 work programme relates to the Secretariat’s increased experience with the GCF programmes and its project and programme cycle. As day-to-day manager of these critical activities, the Secretariat is gaining a significant and unique understanding of the operational challenges presented by the existing policies and guidelines of the GCF. Through that process, we are continuing to consider ways to optimize and, where necessary, develop and communicate fixes for operational issues that were not foreseen when initial guidelines were adopted. Where the Board’s initial decisions provide the Secretariat with the flexibility to make essential mid-course corrections, we will take action. If further Board action is necessary to make GCF programmes work, the Secretariat will prioritize the preparation of related documents and support the Board in taking robust decisions. In that regard, the Secretariat’s 2017 work programme envisioned the Board reviewing and/or taking action on over 30 progress reports and over 45 policy documents that were included in the Board’s 2017 work plan. The number of reports and policy documents requested in the 2018 work plan is even larger. Evidence continues to suggest that, in the face of so many mandates, the identification and prioritization of the most important work has become increasingly difficult for both the Secretariat and the Board. To help address this, the 2018 work programme goes beyond a repetition of the items included in the Board’s work plan, and includes in section IX a list of the nine project/programme cycle-related policy issues that the Secretariat believes are critical for early resolution in 2018 to enable the GCF to deliver on its project-related goals.

II. Overarching goals for 2017 and 2018

8. The 2017 work programme included five overarching Secretariat goals, and the Secretariat is continuing to focus on their implementation. On reflection, the Secretariat finds those goals to remain just as important as when they were approved by the Board at its sixteenth meeting (B.16). As a consequence, we have updated and carried them forward, and we will continue to focus on their implementation during 2018. In addition, the list of goals below includes three new overarching goals covering the critical issues of project quality, support to DAEs and enhanced cross Secretariat work.

9. The 2017/2018 work programme overarching goals are:
(a) Finalize as many accreditation master agreements (AMAs), FAAs, projects and required agreements as possible and maximize related disbursements in order to jump start the implementation of approved projects and activities and to advance work on the ground;

(b) Continue to develop and operationalize the procedures to initiate a proactive and strategic approach to programming, including through the enhanced dissemination of results area guidance, the issuance of more strategically developed requests for proposals (RFPs), providing more strategic support towards the development of strategic country work programmes, enhancing collaboration with other funds through the implementation of the operational framework on complementarity and coherence and enhancing the use of regional structured dialogues in order to develop and expand a robust pipeline of high-quality, high-impact, country-driven projects, including increased submissions from DAEs and private sector entities;

(c) Further operationalize and strengthen the AE work programme process, promoting alignment with country programmes to enhance predictability for countries and AEs and enable the Secretariat to calibrate demand relative to available funds and its capacity to deliver;

(d) Build and deploy a Secretariat staff of sufficient size, talent and global reach to enable it to meet both immediate needs and projected medium-term demands;

(e) Support the Board in implementing any decisions related to arrangements for the initiation of the replenishment process and selection of a Permanent Trustee;

(f) Improve the quality of the GCF support programmes and projects coming to the Board in terms of climate impact, support for enabling countries to meet their nationally determined contributions (NDCs)/strategic goals, and reduced conditions;

(g) Enhance support for the accreditation of more DAEs and for their development of high-quality projects that support both country and GCF transformational goals; and

(h) Enhance the use of cross-Secretariat teams and results-based frameworks in the planning and execution of GCF programmes and, where relevant, in the performance evaluation of the GCF programmes and its staff.

10. As noted above, the 2017 work programme focused on the specific work of the Secretariat’s Divisions and offices. While that format presented a much more siloed view of the Secretariat than is warranted by its actual operation, it had the virtue of highlighting the important contribution that each of those units play in the successful operation of the GCF. This year’s work programme presents the integrated work of the Secretariat in a manner that focuses on the work rather than on each of the providers. Before initiating that discussion, however, the Secretariat would like to acknowledge the important contribution that each Secretariat division, office, unit and staff member makes to the work of the GCF and its efforts to both serve the Board and address climate change.

11. The following sections present the highlights of the integrated work the Secretariat intends to undertake in 2018 in the key functional and programmatic areas of: country ownership; readiness; accreditation; project/programme development and implementation; policy; administration and resource management; and risk, audit and legal functions. Where possible, it includes a discussion of goals and outputs that are expected from specific work, and the results framework in appendix IV includes additional key performance indicators for the Secretariat’s initiatives and the identification of the budget lines that will be used to support that work.
III. Readiness and Preparatory Support Programme and related integrated initiatives

12. Over the last four years the Board has overseen the development and initial implementation of the Readiness and Preparatory Support Programme (hereinafter referred to as the readiness programme), which is designed to enable such critical activities as the establishment and strengthening of national designated authorities (NDAs)/focal points, country, regional and national dialogues, the preparation and/or strengthening of country programmes and strategic frameworks, and the preparation of a pipeline of GCF-aligned project ideas designed to enable the implementation of these strategic frameworks.

13. Despite its relatively small size, this evolving programme is among the most critical in the GCF portfolio, as the country-driven business model of the GCF depends at its core on strong NDAs/focal points and strong nationally developed country programmes, strategic frameworks and policies. Indeed, these constitute the first essential building blocks to enable countries to develop and meet their NDCs and contribute to the adaptation and 2°C goals of the UNFCCC and the GCF. They are also essential to enabling countries to play a pivotal role in working with AEs to build and execute a robust pipeline of high-quality GCF-aligned projects designed to help them meet those NDCs. In this light, a well-operating readiness and preparatory support programme can be seen as a sine qua non for the effective operation of the GCF. In short, without strong country capacity, country strategies and country participation in pipeline development, the “country-driven” paradigm of the GCF is only a notion.

14. While the readiness programme has faced start up challenges, the Secretariat has made a number of changes during the first half of 2017 to enhance the efficiency and predictability of its operation. These include: the development and execution of a schedule of calls for requests for readiness support and deadlines for action on those requests; the dissemination of further guidance on completing readiness proposal templates; a streamlining of the internal approval process; and the procurement of external grant administration capacity to expedite and manage post-approval processes. These and other changes have led to a significant increase in both the scope and number of countries receiving readiness support. The 2018 work programme projects that the readiness programme will build on this momentum, scale up and experience an even more significant growth in support in 2018, with a focus on improving the salience and quality of assistance provided to countries.

Table 1: Indicative projections of readiness requests to be processed in 2018 by type of activity

<table>
<thead>
<tr>
<th>Readiness activities</th>
<th>Requests</th>
<th>Projected disbursements</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Number approved</td>
<td>Estimated average value (USD)</td>
</tr>
<tr>
<td>Adaptation planning</td>
<td>40</td>
<td>2,500,000</td>
</tr>
<tr>
<td>National designated authority support, including for country programmes</td>
<td>40</td>
<td>500,000</td>
</tr>
<tr>
<td>Strategic frameworks for GCF programming</td>
<td>20</td>
<td>500,000</td>
</tr>
<tr>
<td>Support to direct access entities</td>
<td>20</td>
<td>250,000</td>
</tr>
<tr>
<td>Structured dialogues and other knowledge-sharing activities</td>
<td>10</td>
<td>500,000</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>130</strong></td>
<td><strong>-</strong></td>
</tr>
</tbody>
</table>

15. The numbers in table 1 above illustrate growth that is a result of both growing demand and the significant enhancements that have been made in the programme’s management. Although this represents real progress, the Secretariat knows that it is not the number of adaptation plans, country programmes or capacity-enhancement requests that is important – it is the results they are designed to achieve. Accordingly, this section of the work programme will
discuss related work in the context of broader GCF goals. Towards that end, it will seek to review the work programme's key readiness components together with the significant complementary contributions that other Secretariat staff or programmes will bring to related work streams, provided the sufficient allocation of funds.

16. **Country programmes/AE work programmes and GCF planning:** Country programmes and AE work programmes are at the heart of the GCF country-driven approach and goal of strategic pipeline development. These planning documents should include a country or entity's strategic outlook and a highly coherent list of project/programme ideas that are purposefully designed to advance implementation of the strategic goals of the country in a manner that is consistent with the funding framework and transformational goals of the GCF. These important tools are now in their initial iteration, and a preliminary review suggests that support could be deployed and improvements could be made to enable them to work in concert to achieve those strategic goals.

17. Countries are receiving resources from the GCF Readiness and Preparatory Support Programme for the development of official country programmes, of which two have been submitted in a final form, from Zambia and Antigua and Barbuda. In parallel, the Secretariat has worked with countries on the development of initial country programme briefs. These relatively short documents present varying amounts of available information about a country’s climate context, and its plan for the GCF. They may include an overview of a country’s national context, policy frameworks and plans (e.g. NDCs, national adaptation plans (NAPs), nationally appropriate mitigation actions, etc.), and a summary of the country’s respective climate action agenda.

18. Some but not all of those briefs include a list of priority initiatives and/or project concepts that the country would like to undertake. Most of the briefs have a planning horizon of less than three years. Few provide robust descriptions on how the country is working in a complementary fashion with other entities beyond the GCF. NDAs have reported that their work on country programme briefs has served as an important tool in helping them to initiate climate-related discussions with other ministerial departments within their national systems. To date, however, given their early stage of development, not all country programme briefs have been developed with a strategic outlook.

19. In terms of projects and related country and GCF planning, it appears that the country programme briefs have had a limited impact on project selection. As of 20 August 2017, 105 country programme briefs (42 endorsed and 63 drafts) have been submitted to the Secretariat. These briefs list 316 project ideas, of which 19 have been approved and 204 have yet to be submitted in any form. As a consequence, fewer than half of the proposals that have been brought to the Board have been reflected in country programme briefs. Further, with regard to coherence with ideas listed in AE work programmes, only 92 of the 335 single and multi-country ideas included in the AE work programmes are listed in country programme submissions.

20. Consistent with both the GCF country-driven mandate and the Strategic Plan call for enhanced programme planning, there should be coherence between official country programmes, accredited entity work plans, and the pipeline of projects submitted for Board consideration. Optimally, country programmes should also provide information about priority areas for GCF investment in the country, identify project preparation and readiness needs, present the strategic roles that relevant stakeholders (in particular DAEs) will play, identify the process undertaken by the country to monitor and update programmed activity, and promote complementarity by including information on how the country is working on climate issues with other outside entities and funding sources, whether public or private, national or international.
21. Given these factors, the Secretariat’s output-based country programme goals for 2018 go beyond simply expanding the number of country programme briefs and official country programmes supported and finalized, and move towards supporting their enhanced quality and strategic use primarily by countries and the GCF. Important 2018 goals in this area include the development of country programme standards and the monitoring of and reporting on increased coherence between AE work programmes and country programmes. Over the next two years, as country programmes and AE work programmes are further developed and amended and further actions to incentivize coherence are considered, we can foresee a time when virtually all project proposals included in the projected pipeline and coming forward to the Board will be present in both country programmes and annual AE work programme submissions. Monitoring alone, however, is not sufficient, and additional initiatives and incentives aimed at increasing strategic country, AE and Secretariat cooperation in the development of country programmes are discussed below.

22. Strategi c frameworks (and pipeline development): As table 1 above shows, the Secretariat projects a significant increase in GCF support for the development of NAPs in 2018. While the number of national strategic frameworks is an important output of readiness support, related GCF support should also be considered in its broader context, including relative to the development and implementation of a pipeline of project ideas that are aligned with country priorities and GCF policies and goals. To meet all of these objectives, readiness support for strategic frameworks should work together with additional readiness and GCF programmes and with further direction from the Secretariat and the Board. For example, the critical alignment of strategic plans and project ideas with the funding framework of the GCF depends on the existence of robust GCF guidance. Therefore the 2018 work programme targets the production of sectoral guidance to provide better information on what the GCF is likely to be looking for in terms of robust climate projects in each of its eight results areas. In addition, and as will be discussed in the project section of this work programme, the Secretariat believes that both strategic frameworks and project quality would benefit greatly from further articulation of the Board’s results frameworks for mitigation and adaptation and the adoption of specific project eligibility guidance. Toward that end, the Secretariat has included the resolution of these policy issues among those that it believes should be a priority in 2018.

23. While strategic frameworks and targeted projects are essential in achieving the goals of the GCF, projects alone will not fully protect the climate; in appropriate cases, country laws and regulations are likely to play a significant role in removing barriers to climate-friendly investment and driving sustained change. With that understanding, the Secretariat’s engagement with countries during 2018 will explore ways to ensure the use of readiness funds to support the development of rules, regulations and policies that are best suited to the individual country conditions and enabling them to more effectively shift towards low-emission and climate-resilient development pathways consistent with national priorities. Over the next three years we can envision a more significant allocation of support to these latter activities, which can often yield significant impact at relatively low cost.

24. Capacity-building/institutional strengthening: The development of robust country programmes, strategic frameworks and pipelines of high-quality, high-impact projects depends on the existence of a fully functional, informed national focal point with the resources necessary to engage national and local stakeholders and AEs. Readiness support has been deployed for NDA strengthening and the Secretariat has also provided a wide range of support to countries through national and regional structured dialogues, and the work programme and budget envisions support for 8 regional or multi-country dialogues and 20–30 NDA-led dialogues in 2018. Again, however, it is the outcome of these efforts, rather than their numbers that is important. Going forward, these events can be targeted to meet thematic or other specific country and regional needs. Further, as discussed in paragraph 28 below, these dialogues can be leveraged even more effectively than in the past to enhance country, AE and Secretariat cooperation in the development of strategic plans and aligned project pipelines. In addition, the
Secretariat’s work to date has suggested the possible benefits of developing packages of base supports for NDAs to enable them to carry out these core activities. Such support could be provided and reported on annually, and we will investigate further the possible implementation of such measures during 2018.

25. **Strategic engagement with DAEs and international AEs:** We expect the demand for assistance to DAEs to continue in 2018, and we are determined to mobilize the expertise in all of our programmes to provide enhanced support. Specifically, and consistent with 2018’s new overarching goals of enhancing support to DAEs and improving project quality, cross-divisional teams will participate in a new initiative that will target providing direct support to at least 15 DAEs in their development of work programmes with impactful projects that align with both country programmes/strategies and GCF goals. This work will include supporting the development of DAE concept notes, enhanced direct access (EDA) proposals and Project Preparation Facility (PPF) requests, and we expect this effort to result in at least eight high-quality DAE proposals being brought to the Board in 2018, including six EDA proposals. This initiative represents two significant shifts for the Secretariat. First, it will involve more active upstream engagement than we have heretofore undertaken with AEs. Second, it moves the Secretariat towards working with DAEs in a more strategic manner. While we are confident that this approach will help to improve related project quality, we know that working with DAEs in this manner will be relatively resource intensive for the Secretariat. Further, while we welcome the learning that will come from this approach, we are concerned that the resource intensity of this work may, without complementary changes, be too high to be sustainable on a much wider basis. As a result, while it will help the specific DAEs that we will work with, it will be unlikely to yield a breakthrough in the numbers of DAE projects coming forward to the GCF.

26. In an effort to increase DAE participation more substantially, the Secretariat is currently working to submit to the Board a proposal for a simplified project approval process which could include consideration of such items as a project-specific institutional assessment and independent Technical Advisory Panel (TAP) review process for smaller projects with an internal financial, environmental, social, governance/management capacity review that is specific to the funding proposal under the pilot process, and between meeting no objection approval. Depending on its scope, we would expect changes such as this to lead, over time, to substantially more projects from a range of AEs at lower cost.

27. In addition to our support for DAEs, the Secretariat will also be targeting enhanced strategic engagement with at least 10 international AEs in 2018. The goals of this work will include enhanced project quality/climate rationale and focus on transformative projects, as well as identifying priority investment issues for possible issuance of RFPs in 2018.

28. **Country/NDA engagement initiative:** Table 1 above outlines the key list of activities the readiness programme supports. To date, the programme has generally provided support for these items individually and as requested by countries. Further, to optimize predictability, the programme has moved to requests for calls for assistance on specific dates. While these individual interventions can and have helped NDAs, it is clear to the Secretariat that related work could have a more powerful impact if project funding was more readily available and coordinated with the additional assistance of the Secretariat and hired support. For example, traditional support for national or even regional dialogues can be leveraged to bring together countries, AEs, DAEs, private sector entities and the Secretariat and/or hired firms in efforts to collaborate on the development of country programmes and strategies and related project ideas that are aligned with the transformational goals of the GCF. Institutional strengthening support could be packaged and provided in a predictable and sustained manner to ensure that NDAs have the consistent capacity necessary to be active participants in the full range of policy and programmatic work necessary to implement a country driven approach. These and other efforts could be augmented with sustained Secretariat-wide and/or hired firm technical support. The goals of such concerted efforts would include increasing NDA capacity, enabling the
participatory development of strategic country programmes and climate strategies with clear climate baselines, enhancing an understanding of climate finance availability and the role of the private sector, and facilitating the development of project ideas that are aligned with national plans, GCF goals and AE work programmes. Towards this end, and on the basis of discussions with countries, the Secretariat intends to enhance and coordinate strategic engagement with at least 20 countries in 2018. This effort is an example of a way in which the Secretariat can leverage the existing tools within GCF to increase the impact of GCF support. An additional example relates to the 2018 roll out of new web-based portals that will enable AEs and NDAs to access up-to-date information on their project pipelines, including the status of the ongoing review of their concept note and funding proposal submissions. These new web-based portals are being developed with cross-divisional support and the Secretariat target for 2018 is the creation of portals for a number of countries and AEs. This initial work is a first step towards supporting countries and enabling them to more clearly understand the GCF framework. In that regard, this initiative will advance the strategic plan goals of enhancing both transparency and access.

29. **Staffing/Delivery Mechanisms:** As of 1 August, the Secretariat had approximately 14 full-time equivalents (FTE) staff working on the range of readiness activities outlined above. This includes the annual equivalent of 7 consultants. If the proposed 2018 staffing target is approved and met, and considering the initiatives discussed in paragraphs 25 and 28 above, we foresee the number of related FTE staff growing to approximately 30 with the number of regional consultants stabilizing at 9. This latter fact raises the issue of delivery mechanisms. The Secretariat has been continuing to deliver the majority of its support on related activities to countries through Secretariat staff and part-time regional consultants. Over time the countries we are working with have requested increased direct technical assistance. For this reason, the need for hiring consultants and consulting services is very likely to grow.

30. As reported in the 2017 work programme, the Secretariat is currently providing assistance through the use of email, telephone and video calls, travel from Songdo (including to regional and national dialogues), and bringing NDAs to Songdo for meetings. As stated in the 2017 work programme, the Secretariat still believes that supporting NDAs, AEs and DAEs in the development of strong national strategies and increasingly strong proposals can be accomplished much more efficiently through the establishment of regional hubs, which could facilitate the more active support of NDAs in their work with AEs and DAEs, and facilitate greater south–south experience sharing. In the absence of Board approval for this approach, we will strive to use our readiness resources as efficiently as possible to support the strategic country engagement and DAE and IAE support initiatives discussed above.

### IV. Adding new accredited entities

31. **Accreditation:** Since the opening call for applications for accreditation in November 2014 and up to 1 September 2017, 240 entities have been issued with accounts on the online accreditation system. This represents an increase of 38 in period from 1 March to 1 September 2017, demonstrating that there is a continuing interest in exploring accreditation to work with the GCF. Not all of those 240 account holders, however, have completed or are likely to complete applications. As of 1 September the Secretariat had received a total of 146 applications. 54 have been reviewed and formally granted AE status, which leaves the GCF with a backlog of 92 applications that are in various stages of review. Specifically, 78 are undergoing a completeness check and 14 are under the review of the Accreditation Panel.

32. In accordance with decision B.14/08, the Secretariat has been prioritizing the review of applications from national DAEs, entities in the Asia-Pacific and Eastern European regions (due to their current under-representation), private sector entities, in particular those in developing countries, and entities responding to RFPs in the areas covered by the GCF pilot programmes for
enhancing direct access; support for micro-, small-, and medium-sized enterprises (MSMEs); and mobilize funds at scale which are discussed later in this document. Should the Board consider the extension of decision B.14/08 or a new prioritization approach for 2018, the Secretariat would apply that in the application review process.

33. As noted in paragraph 26 above, the Secretariat intends to submit a proposal for a simplified approval process which could call for the use of project-specific institutional assessment, including an internal financial, environmental, social, governance/management capacity review that is specific to the funding proposal rather than the full accreditation review for some seeking to do work on smaller projects. In such a case, DAES would be assessed on their capacities to deliver the proposed project under this pilot process only; if it sought to engage with the GCF more broadly, the entity would need to undergo the accreditation process. If such a change were agreed by the Board by a point early in 2018, the Secretariat projects that it would be able to process 30–40 entities through a project-specific institutional assessment for 2018 including 20–30 DAES, of which 10–15 could be private sector entities. If no related decision is taken, the Secretariat expects to be able to increase its processing of AE applications to over 20 entities during the Stage I accreditation process during 2018.

34. Total current staffing dedicated solely to accreditation, including support for DAES and entities that are already accredited, is two. If the 2018 staffing target of 250 is agreed by the Board, we project that this number will rise to approximately 9 by the end of 2018, and that hiring, together with cross-divisional assistance and related consultant/contractual services funding will enable the Secretariat to meet the accreditation goals contained in the work programme.

V. GCF project/programme related challenges

35. As suggested by the introduction of a new overarching goal, issues surrounding project quality and project review are reaching a tipping point within the GCF, and decisions are urgently required to address these issues. To put this into context, it is useful to review the evolution of the GCF relative to the availability of funds, the number of entities accredited to do business with the GCF, and the review and approval of proposals.

36. In terms of evolution, it is easy to forget that the GCF approved its first group of projects and programmes only 21 months ago. At that time the GCF had a large amount of available funding and a limited number of AEs, creating a situation where there was limited competition for the funding of proposals. In addition, and as recognized in decision B.11/11, at the time of the first approvals the GCF lacked robust project eligibility criteria to guide either project development or selection.

37. When competition is limited and project costs are easily covered with available funding, it may not appear overly critical to have in place project eligibility criteria and results area guidance that directly link project requirements to country strategies and the GCF goals. Moving forward 21 months, however, the implications of the lack of such guidance, criteria and linkages has become clearer, and during 2016 and 2017 the Board has expressed increasing concerns with the quality and climate impact of proposals submitted to the GCF. This concern has been reflected in both Board member comments and in an increasing number of conditions attached to funding proposals approved by the Board. These are facts on the ground that the Board sees directly.

38. What may be less visible to the Board is the impact that the paucity of related guidance is having on the work of the AEs and the Secretariat. The GCF now faces a steadily increasing number of AEs and a related increase in the number of proposal submissions. At the same time, the Secretariat lacks the agreed criteria needed to select the most appropriate ones. Further, because the proposals currently under review were developed without the benefit of robust
guidance and project eligibility requirements, both their quality and their linkage with country strategies and the GCF transformational goals remain variable. This fact has significant implications for the efforts of both the Secretariat and the AEs. For example, our analysis shows that the Secretariat is spending, on average, approximately 50 person days of review time on each public-sector project submission. During that review, and through engagement with the relevant AE, it often becomes clear that the proposals that were developed and submitted lack viability, resulting in the AE significantly reworking the proposal and/or, in some cases, withdrawing it from consideration. As a practical matter, this means that many work years are currently being spent on the development and review of projects that prove to be unviable. This unproductive effort could be greatly reduced if there were clear eligibility requirements, better results-area guidance, and enhanced Secretariat engagement on project ideas well before the development and submission of full projects.

39. Beyond a loss of time and effort, however, the current lack of such guidance and early engagement is presenting practical constraints on the Secretariat’s capacity to deliver in a manner consistent with what we believe to be the ambitions of the GCF. Specifically, and taking into account the increasing number of AEs and the related expected increase in concept notes and project proposals that the Secretariat expects to receive and review in 2018, we currently project that the number of quality proposals we will be able to submit to the Board in 2018 will be in the range of 40–55. While this would be a laudable average increase of approximately 80 per cent relative to the 25 proposals that were submitted in B.16 and B.18, the Secretariat shares the ambition of the Board for the achievement of a much greater impact. Further, we know that more projects are possible, as we expect that an accumulative 125 funding proposals will be in the pipeline in 2018. The difference between that number and the 40–55 proposals we expect to send to the Board implies that a significant percentage of proposals submitted to the Secretariat would not have been of a sufficiently high standard for Board consideration without substantial rework or resubmission to ensure that they are properly aligned with both country and GCF goals. A key to greater project numbers and impact will be improvements in project quality at submission.

40. Another factor that will affect both the Secretariat’s review workload and the output of the GCF will be the increasing number of funding proposals submitted by DAEs. While we are all striving to enhance DAE participation, the fact is that DAE proposals are likely to be much smaller in terms of monetary value than the current average GCF project. At the same time, their development and review is currently assumed to require increased Secretariat support. Given that, it is possible that the increasing numbers of smaller DAE projects in the annual GCF portfolio would result in only marginal changes in the total value of the GCF’s annual output.

41. The Secretariat believes it may take a group of actions to make a breakthrough in this critical area. First, as discussed above, the Secretariat believes that the development and widespread communication of clear project eligibility requirements and results-area guidance will be critical to improving quality at submission and enhancing the efficiency of project review. Further, we believe that a simplified approval process for small projects could lead to a significant increase in project outputs with more limited demand on Secretariat resources. Finally, as will be discussed in more detail below, we believe that increased Secretariat engagement at the project inception stage would greatly increase the effectiveness of both the project development work of AEs and the Secretariat’s project review work, leading to an enhanced capacity of each to process higher numbers of impactful climate projects. If those issues were adequately addressed sufficiently early in 2018, we believe that the Secretariat could be positioned to significantly increase its delivery of high-quality projects to the Board in 2019. Toward that end, the Secretariat has prioritized related policy documents as ones that we believe are most critical for the Board to take action on in 2018 (see section IX below).

42. In terms of staffing, the Secretariat believes that staffing for project-related review processes is the area that will need the largest increase in staff, and as discussed in more detail
in document GCF/B.18/10, the Secretariat currently projects that about three quarters of the new staff that would be brought on pursuant to the new staffing target would be in project cycle-related positions. Dalberg also projected a need for further increases in related staff in 2019. That said, the degree of the trajectory in project-related staffing that is currently foreseen as necessary could be changed if new policies are put in place to support the submission of high-quality projects.

VI. Public and private sector programmes and related targets for 2018

The following sections review progress on individual project-related programmes; a summary section on overall projections for projects and disbursements follows. Related projections included in these sections assume Board approval of the Secretariat's 2018 budget request and staffing goal and 2018 implementation of, among other things, the short-term structural changes and ICT enhancements discussed in the work programme. They also assume that the proposals submitted to the Cairo meeting of the Board will be the last proposals submitted in 2017.

6.1 Concept note programming for 2018

In accordance with current procedures, AEs or intermediaries may submit a brief concept note to the Secretariat with a view to verifying whether the project/programme concept they are considering is broadly aligned with key GCF guidance including the GCF investment and results management framework, gender policy and transformational goals. As such, concept notes could play an extremely valuable role in early screening and helping to facilitate the development and submission of high-quality transformational proposals. To date, however, concept notes have been of varying length and depth, and their review has not benefited from the presence of clear standards. Further, their optional status has often placed them on a lower priority than projects or policies requested by the Board. These and other factors have contributed to a review time that is often in the order of three to four months, rather than the one month originally envisaged.

As noted above, the Secretariat believes that its increased engagement at the project concept stage, combined with greater clarity on project eligibility criteria, would greatly increase the efficiency and effectiveness of both the AEs project development work and the Secretariat's project review work. Therefore, the Secretariat has identified changes to the concept note guidelines as a priority for Board action in 2018. Prior to that time, however, the Secretariat will initiate interim measures. Specifically, later in 2017 or early in 2018, the Secretariat will issue a new simplified concept note template to make it more focused, easier to use and review, and of greater value in ensuring alignment with the GCF transformational goals. In addition, the Secretariat will consider ways to incentivize the enhanced use of concept notes. We believe that these and other measures could help to focus full project development on the most worthy projects, to enhance the quality of full proposals submitted for review and could lead to a reduction in review time.

Given historic trends, and taking into account the initiatives described above, the Secretariat expects to review and provide targeted feedback on 220 to 250 concept notes during 2018 (including up to 150 related to the pilot programme RFPs, which are expected to meet general criteria of RFP).
6.2 Project Preparation Facility

47. The PPF, authorized at the eleventh meeting of the Board (B.11), was targeted at small-scale activities and DAEs. As agreed through decision B.13/21, the Board made USD 40 million available to the PPF to support project and programme preparation requests from all AEs, especially DAEs, and especially for projects in the micro-to-small size category with a view to enhancing the balance and diversity of the project pipeline. As the PPF has only recently become operational the Secretariat is continuing to rationalize related processes to enable more timely decisions and disbursements. As a result of these efforts, we are targeting a 50 per cent reduction in the time taken for related reviews and disbursement in 2018 (down to three months from submission to disbursement). In addition, and assuming the increase in staff consistent with the Secretariat’s 2018 target, the Secretariat is projecting the approval of 30–40 PPF requests in 2018 and a related disbursement of USD 14 million during the year.

48. However, numbers of reviews and approvals are not in themselves substantive outputs. In that regard, we believe that PPF funding will lead to a significant increase in the number and diversity of high-quality GCF-aligned projects that are submitted to the GCF. Given the lag time between PPF funding and the submission of related projects, however, this assumption has yet to be proven. In the meantime, annual work programme reports to the Board will include an analysis of indicators such as: the degree to which PPF requests align with country programmes and entity work programmes; and the expected climate benefits of related projects.

6.3 Enhanced direct access pilot programme

49. At its tenth meeting (B.10), the Board agreed to an initial allocation of up to USD 200 million for at least 10 EDA pilot projects, including at least 4 to be implemented in small island developing States, the least developed countries and African States. The direction regarding this pilot emphasized the role of country institutions, and in particular NDAs, in the origination, design and implementation of EDA funding proposals. Based on that direction, in June 2016, the Secretariat launched a request for EDA concept notes. To date, one EDA project has been approved by the Board. In 2018, the Secretariat is proposing to revise and clarify the terms of reference and develop an internal task team to support the implementation of the pilot phase of the EDA by encouraging proposals to be submitted and bringing six of these to the Board in 2018.

6.4 REDD-plus programme

50. In response to the UNFCCC REDD-plus guidance, the Board, through decision B.14/03, requested the Secretariat to develop a request for proposals for REDD-plus results-based payments (RBPs). Following consultations with REDD-plus experts and Board members, the Secretariat submitted to the seventeenth meeting of the Board (B.17) draft terms of reference for a REDD-plus RBP pilot programme, and after further discussion the Board, by decision B.17/18, requested the Secretariat to undertake further analysis and to present to B.18 a draft request for proposals for the pilot programme and the related draft scorecard. The Secretariat notes that there would be a high level of country and AE interest in participating in a REDD-plus pilot programme and projects that, if the terms of reference for the RFP is approved at B.18, it will be able to initiate review and work towards the review of up to 10 REDD-plus pilot proposals in 2018. Additional REDD-plus work expected in 2018 includes reviewing and taking action on at least four public sector and three private-public funding proposals for a total of seven REDD-plus proposals.
6.5 Micro-, small- and medium-sized enterprises pilot programme

51. At its tenth meeting, the Board established an MSME pilot programme with a view to encouraging private-sector investment in support of MSME climate activities, and at the thirteenth meeting of the Board (B.13), the Board reviewed and authorized the Secretariat to issue an initial RFP aimed at soliciting up to USD 100 million in proposals from AEs and potential AEs.

52. In response to that initial RFP, the Secretariat received 30 concept notes from existing and potential AEs as well as financial institutions to work with AEs. It shortlisted seven concept notes based on the RFP evaluation criteria and invited the submitters to develop full funding proposals. To date two projects have been approved: FP028 Business loan programme for greenhouse gas emissions reduction by XacBank; and FP029 SCF Capital Solutions by DBSA. The Secretariat is planning to present up to three more MSME proposals before closing the first MSME RFP pilot. The Secretariat will request the Board to release the second tranche for the first part of the year after closing the first pilot. There are already a few requests in the pipeline for the second tranche.

6.6 Mobilizing funding at scale/Pitch for the Planet programme

53. 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. The Secretariat has undertaken several promotional activities to raise awareness about this RFP among prospective private sector organizations since its launch, including the development of a promotional video and the establishment of an RFP microsite, the latter of which has received over 13,000 visits since its launch. The Secretariat also received over 200 emails and 150 phone calls for enquiries. The questions received about the RFP and the Secretariat’s answers were anonymized and uploaded on the website and updated regularly.

54. The RFP closed on 30 August 2017 and the Secretariat received 350 concept notes. After the initial review by specialists from the Private Sector Facility Division (PSF), an evaluation committee comprised of specialists from the Country Programming Division (CPD), the Mitigation and Adaptation Division (DMA), PSF and the Division of Support Services (DSS) will review the submitted concept notes. An external consulting firm will be hired to audit the process. The concept notes submitted in response to this RFP will be scored against predetermined and Board-approved criteria and the submitters of concept notes with the highest scores will be invited to develop full funding proposals. The Secretariat aims to present the first batch of funding proposals at B.19 for the Board’s consideration, and has targeted the submission to the Board of 4-7 proposals during 2018.

6.7 Additional private sector initiatives

55. While many of the programmes above will have significant private sector focus or participation, additional private sector initiatives in 2018 are designed to prepare the GCF and its stakeholders for further private sector involvement with the GCF in the years ahead. Toward that end, in early 2018, the Secretariat will present to the Board an analysis of the private sector landscape and recommendations for focusing private sector work. In addition, in both direct engagements and through the Secretariat’s strategic country, AE and DAE initiatives, the Secretariat will work to enhance country and AE understanding and capacity relative to the
important role that the private sector can play in climate change and GCF programmes. Finally, during 2018, the Secretariat will initiate training programmes aimed at enhancing Secretariat-wide capacity to engage private sector firms in GCF projects.

56. As part of 2018 plan, the PSF continues to support the Private Sector Advisory Group to deliver its mandates to the Board, including: making recommendations on the development of modalities to support activities enabling private sector involvement in least developed countries and small island developing states; identifying opportunities to engage the private sector, including local actors, in adaptation actions at the national, regional and international level; and making recommendations on forestry and REDD-plus.

VII. Overall 2018 project/programme projections

57. Based on the assumptions noted above the Secretariat is currently projecting the submission to the Board in 2018 of 40–55 funding proposals during 2018, including up to approximately 25–35 public sector proposals and between 15 and 20 private sector proposals. Some of the specific project-related targets for 2018 are summarized in table 2:

Table 2: Projection of approval for 2018

<table>
<thead>
<tr>
<th></th>
<th>Funding proposals</th>
<th>Readiness support (non-NAP/PPF)</th>
<th>Project Preparation Facility</th>
<th>National adaptation plans</th>
<th>REDD-plus</th>
<th>Mobilizing Funds at Scale – Pitch for the Planet</th>
<th>MSME II</th>
</tr>
</thead>
<tbody>
<tr>
<td>Public Sector</td>
<td>1–1.3 billion (25–35 proposals)</td>
<td>–</td>
<td>–</td>
<td>–</td>
<td>(4 proposals; included in public sector estimate)</td>
<td>–</td>
<td>–</td>
</tr>
<tr>
<td>Readiness related</td>
<td>–</td>
<td>30–40 million (60–80 requests)</td>
<td>14–15 million (30–40 requests)</td>
<td>100 million (40 requests)</td>
<td>–</td>
<td>–</td>
<td>–</td>
</tr>
<tr>
<td>Private Sector</td>
<td>1.2–1.5 billion (15–20 proposals)</td>
<td>–</td>
<td>–</td>
<td>–</td>
<td>–</td>
<td>450–500 million (4–7 proposals)</td>
<td>80–100 million (4–5 proposals)</td>
</tr>
<tr>
<td>Subtotals</td>
<td>2.2–2.8 billion (40–55 proposals)</td>
<td>30–40 million (60–80 requests)</td>
<td>14–15 million (30–40 requests)</td>
<td>100 million (40 requests)</td>
<td>Included in public sector subtotal</td>
<td>Included in private sector subtotal</td>
<td>Included in private sector subtotal</td>
</tr>
</tbody>
</table>

58. While table 2 and the discussion above show a significant projected increase in the numbers of projects that the Secretariat expects to send to the Board in 2018, they do not speak specifically to the quality of those projects. In order to enable us to do that, the Secretariat will work in 2018 to set standards for and initiate the monitoring of key project quality indicators including the number of “quality- and readiness-related” conditions attached to proposals, the percentage of proposals coming from concept notes and PPF requests, the percentage of proposals that emanate from country programmes and entity work programmes, and the level of climate related benefits.

59. In more specific terms, the Secretariat has included in appendix III an indicative list of the projects that might be put forward during 2018. It should be noted that the projects on that list are tentative, and that some of the specific proposals are very likely to fall off as listed proposals encounter issues and/or new high-quality proposals are processed. In an effort to advance transparency, the list includes preliminary data on some of the projects. While the following attributes of the list may be interesting, given their very preliminary nature, they should be understood to be speculative. With those caveats, 18 of the potential proposals are listed as adaptation, 7 as mitigation, and 19 as cross-cutting, with most projects in the latter category estimating significant carbon dioxide (CO$_2$) benefits as well as beneficiary number
impacts. With regards to those benefits and impacts, the projects/programmes that have preliminary estimates indicate aggregate lifetime reductions of over 100 million tonnes of CO₂ equivalent and aggregate beneficiary numbers of over 100 million people. Eight of the projects on the indicative list include information showing that they that come from DAEs, with the remainder being projected to come from international entities. 10 projects on the list are currently contained in country programme briefs, and 17 are currently contained in AE work programmes. As has historically been the case, the Secretariat will present an updated, forward-looking project list and related numbers to each meeting of the Board in 2018.

VIII. 2018 projections for initiating the implementation of approved projects/programmes and related disbursements

60. While Board review and approval of new projects and programmes are very important first steps in the GCF project/programme cycle, the Board is aware that there are several additional post-approval steps that must be completed before disbursements can be initiated and project implementation can begin. These include the need for the AE and Secretariat to negotiate the resolution of the independent TAP and Board conditions on approval, the finalization of an AMA with the AEs (if one had not already been negotiated) and the finalization of a project-specific FAA with the GCF. Because these activities require technical, legal and risk expertise, they are carried out by cross-Secretariat teams that include significant contributions from the Secretariat’s Office of General Counsel and Office of Risk Management, in addition to the finance team of the Support Services Division, task managers from the DMA and the PSF, and contributions from the CPD.

61. In February 2017, when the 2017 work programme was just being developed, the GCF only had two projects with FAAs and only one project that had gone through the process described above and reached the implementation stage. At 1 September 2017, the Secretariat can report that 17 of the 35 proposals approved prior to 2017 now have related FAAs. As a result, the Secretariat has already met its 2017 goal of having 17 or more projects reaching the implementation phase by the end of 2017.

62. With regards to the 2018 work programme, the Secretariat is projecting that by the end of 2018, over 80 per cent of the projects that have been approved through B.18 will have gone through the processes noted above and begun implementation. This progress will have a significant impact on disbursements. At the current time, the Secretariat is projecting that, during 2018, cumulative disbursements on projects approved prior to B.18 could amount to over USD 800 million, a level that is over one third of the value of proposals approved through B.16. Additional readiness related disbursements in 2018 will also be substantial. Table 3 below summarizes current projections for disbursements in 2018.

Table 3: Projections of disbursements for 2018

<table>
<thead>
<tr>
<th>Funding proposals</th>
<th>Non NAP/PPF readiness support</th>
<th>PPF</th>
<th>NAPs</th>
</tr>
</thead>
<tbody>
<tr>
<td>Cumulative total public sector disbursements projected to reach USD 164 million by end of 2018</td>
<td>USD 25 million disbursed on 2018 approvals</td>
<td>USD 14 million disbursed for PPF applications approved in 2018</td>
<td>USD 30 million disbursed for NAPs approved in 2018</td>
</tr>
<tr>
<td>Totals</td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>
Up to USD 837 million by end of 2018 | USD 25 million | JSD 14 million | JSD 30 million

Note: The difference in estimated disbursements between public and private sector proposals reflect the fact that public sector projects tend to have a longer payment schedules with many small disbursements over time, while private sector projects tend to have shorter payment schedules with larger disbursements.

Abbreviations: NAP = national adaptation plan, PPF = Project Preparation Facility.

IX. Secretariat support for the Board including reporting/policy support and implementation

63. In accordance with the Governing Instrument for the GCF, the Secretariat has significant responsibilities related to the Board, and during 2018, the Secretariat will support new Board Co-Chairs as they accept new responsibilities within the GCF, and will also receive the nominations of new Board members for the term 2019–2021. In addition, the Secretariat will strive to support the Board’s responsibility under the Governing Instrument to oversee the operation of all relevant components of the GCF.

64. As noted in the 2017 work programme, over the course of the first 15 Board meetings, the request for Secretariat reporting increased significantly, and at the current time, the Secretariat produces or updates 10 discrete reports for each meeting of the Board, the majority of which relate to GCF programmes. These reports are reflected in the Board’s draft 2018 work plan – where they currently constitute over one quarter of the listed work plan activities. As noted in the 2017 work programme, the Secretariat believes that, while important, the majority of the Secretariat progress reports can be streamlined and consolidated, and towards that end, the draft work programme decision includes proposed language to that effect.

65. In addition to the progress reports, the Board’s draft 2018 work plan requests over 55 policy reports from the Secretariat. Those reports are excerpted from the work plan and listed in appendix II to enable their review. The Secretariat would like to highlight the following policy issues that it believes are critical to the operation of the project and programme cycle:

(a) Adoption of a simplified process for approval of proposals for certain activities, in particular for small-scale activities;
(b) Adoption of a two-stage proposal approval process (decision B.17/09, paragraph (g));
(c) Adoption of modalities to fast-track accreditation of private sector entities (decision B.17/06, paragraph (e));
(d) Adoption of an incremental cost calculation methodology and/or alternative methodologies (decision B.17/10, paragraph (c) (i));
(e) Adoption of further indicators in the performance measurement frameworks;
(f) Adoption of policy guidelines on a programmatic approach;
(g) Guidance and scope for providing support to adaptation activities (decision B.17/10, paragraph (c) (ii));
(h) Presentation of findings of the additional analysis of potential investment priority areas to identify specific result areas where targeted GCF investment would have the most impact; and
(i) Adoption of further guidance on concessionality (decision B.17/10, paragraph (c) (iv)).

66. In addition to the project and programme-related issues noted above, the Secretariat would also like to highlight the importance of decisions on replenishment, the selection of the Permanent Trustee, a methodology for decisions between meetings and on a communications
strategy as the decisions that it believes are particularly important to the operation of the Secretariat.

67. The Secretariat notes that several of the policy issues identified above as priorities were included in the Board’s work plan for early 2018. Others, however, are not. Further, we note that the actual agenda of specific Board meetings often becomes too busy to accommodate all of the policy items that were included in the work plan for a specific meeting. For example, at B.17, the Board deferred 21 items in the work plan. Accordingly, the Secretariat requests the Board to consider taking up the above-noted issues for priority consideration early in 2018.

68. Beyond preparing Board documents and facilitating the meetings of the Board, the Secretariat will work on several additional matters related to supporting the Board in 2018, including the review of guidelines on observer participation, and facilitating and monitoring the implementation of the GCF information disclosure policy.

69. Additional 2018 programme implementation work that the Secretariat would like to highlight relates to the significant new programmes for risk management and complementarity and coherence that the Board recently approved (at B.17); the initiation of work under those programmes will be among the Secretariat priorities in 2018.

70. With regards to the implementation of the operational framework on complementarity and coherence, and in accordance with decision B.17/04 and relevant guidance from the Conference of the Parties (COP), the Secretariat will support the engagement of countries in promoting coherence among climate finance delivery channels at the national programming level. An increased number of concept notes, funding proposals and requests for readiness and other preparatory support with consideration of complementarity with other climate finance delivery channels will be sought. The second annual dialogue with climate finance delivery channels will also be held in 2018 as part of the implementation of the framework.

71. Another priority area is the implementation of mandates related to linkages with the Technology Mechanism of the UNFCCC and advancing technology-related matters. In accordance with decision B.14/02 and relevant COP guidance, the Secretariat will be taking further steps to enhance cooperation and engagement with the Technology Executive Committee and the Climate Technology Centre and Network. Additionally, in 2018 the Secretariat will be taken forward decisions to advance concrete options on how the GCF can support collaborative research and development in developing countries, upon receiving further guidance from the Board at B.18.

72. As an operating entity of the financial mechanism of the UNFCCC accountable to and functioning under the guidance of the COP, the Secretariat will also support the implementation of the arrangements between the COP and the GCF during 2018 through the implementation of guidance from the twenty-third session of the Conference of the Parties (COP 23); the submission of the “Seventh GCF Report to the COP”; representation in meetings of the COP and its subsidiary bodies and participation in COP 24 (Katowice, Poland, 3–14 December 2018) and in meetings of the thematic bodies of the UNFCCC.

X. Communications and outreach

73. Communications is a core function of the Secretariat that cuts across all operational activities of the GCF. The proposed priority activities for the Secretariat’s 2018 work programme would therefore be implemented into all substantive areas of the GCF in an integrated and coordinated manner.

74. For 2018, the Secretariat’s communications and outreach activities will closely follow the strategic plan and core objectives, specifically by:

(a) Communicating focused accounts of the impact of the operations of the GCF;
(b) Explaining how developing countries benefit from their relationship with the GCF, including by creating awareness of the ability of the GCF to enhance national capacity;

(c) Prioritizing content creation and proactive messaging to convey the 'GCF story' which emphasizes the success of the GCF in implementation;

(d) Scaling up outreach efforts to the private sector;

(e) Continuing support for resource mobilization (targeted towards new potential contributors) in line with Board-agreed resource mobilization plans or campaigns;

(f) Promoting dialogue with civil society representatives at the international, regional and national levels, as well as by amplifying messages in partnership with like-minded organizations;

(g) Creating a comprehensive visual identity and branding for the GCF;

(h) Pro-actively engaging target audiences and key stakeholders through online platforms, using latest digital communication tools; and

(i) Identify opportunities for a 'GCF Stakeholder Forum' in 2018, to be convened with an established outreach partner that would support the hosting of such gathering.

75. In addition, a key deliverable for 2018 will be the development of a revised GCF Communications Strategy in line with previous Board decisions and advice from the Co-Chairs. Following the Board decision B.13/25, the Secretariat will solicit new input from the Board and adapt this strategy in 2018.

XI. Administration and resource management

76. Broadly speaking, the administration and resource management function of the Secretariat encompasses a wide range of activities including resource mobilization, administration, finance and procurement, portfolio management and monitoring, information and communication technology (ICT) and human resources. The hundreds of activities supported under these broad headings range from the production of annual audited financial statements to ensuring sufficient office space for new Secretariat staff and ensuring accountability for disbursements on projects and activities; indeed, the Secretariat's increasing staff and project work will require the Secretariat to continue to enhance our work in these last two specific items in 2018. Those, however, are only examples; the Secretariat is targeting significant work in many additional work areas in 2018.

77. Resource mobilization: The Secretariat notes the guidance to the Board from COP 22 and COP 23 "to agree on the arrangements for the first formal replenishment process of the Green Climate Fund." The Secretariat will continue in 2018 to stand ready to support the Board in any direction that it may decide regarding those arrangements for replenishment. Further, in an effort to ensure that we are well positioned to initiate action as soon as a Board decision is taken, the Secretariat will enhance its staffing in this area by up to four staff. A comprehensive replenishment process can take approximately 18–24 months to conclude. One final initiative we would like to highlight in this area relates to our effort to develop a proposal on policies and procedures for accepting contributions from both subnational jurisdictions, and philanthropic foundations and other non-public alternative sources. We believe that these sources can play a role in the evolving funding environment of the GCF, and we note that this issue is included in the Board's work plan.

78. Administration: The Secretariat has a large number of initiatives to undertake in the continuing effort to develop the administrative frameworks necessary to ensure the efficient and effective operation of both the Secretariat and the GCF. During 2018, the Secretariat is
scheduled to revise the Administrative Guidelines with an intention to present a principles-based policies, rather than Administrative Guidelines.

79. The current staffing of the Secretariat is expected to reach nearly 140 by B.18. The draft 2018 work programme and administrative budget assume total staffing of 250 by the end of 2018. This will necessitate the provision of additional office space and supporting functions to facilitate new additional staff.

80. The Secretariat also prepared a GCF Business Continuity Plan and an Emergency Evacuation Plan approved in 2017. Given the current geopolitical tensions in the region both will be monitored and updated constantly during 2018.

81. Another set of important initiatives relate to the Secretariat’s 

82. In 2018, the portfolio management and monitoring functions will move from a start-up position to one playing a crucial role in several areas, including the monitoring of the expanding portfolio of approved projects. Toward that end, the Secretariat is developing templates for Annual and Portfolio Performance Reports (APRs) to facilitate timely and consistent reporting on key indicators. The First Portfolio Performance Report will be prepared and presented to the Board in the first half of 2018. In addition, the Secretariat will initiate systems for data reporting/dashboard to enable us to meet the requirements for portfolio performance reporting.

83. Information and communication technology (ICT): The 2017 work programme highlighted the build out of ICT systems as an area of extreme importance, and in the short time since that work programme was developed, a group of additional priority projects have been identified. The potential benefits of related initiatives were reinforced by our work with Dalberg, which emphasized the significant impact that the ICT work could have on both the efficient operation of the Secretariat and required Secretariat staffing. Key ICT products not identified in the 2017 work programme that are considered to be near-term priorities for the remainder of 2017 and into 2018 include: enhancements to the Secretariat’s document and records management system (DMS/RMS) which is essential to facilitating team collaboration and increasing efficiencies across all departments; the development of the Secretariat’s human resources (HR) management system; the development of an e-Sourcing system for procurement; enhancements to the infrastructure improvement system designed to integrate the Secretariat’s various communications tools; the establishment of country and AE portals to facilitate enhanced transparency and interaction with these key stakeholders; and the development of a due diligence management system. To support the development and operation of these programmes, and to build out other essential ICT tools, the Secretariat is targeting the hiring of approximately six new ICT staff during 2018.

84. Procurement: The procurement function of the Secretariat has grown in 2017 from a two-person team to an eight-person team. The procurement function now includes travel services as well as recruitment of individual consultants. In 2017, a number of initiatives were
started in order to make the procurement function support GCF operations more efficiently and in line with good practice. As some of the initiatives were interdependent, these will be continued and finalized in 2018:

(a) The sustainable procurement (policy) administrative instructions document is due to be presented during 2018;

(b) Travel services have been outsourced to an external firm with the Procurement and Travel Team providing oversight. The travel services contract provides for 24/7 English services and travel insurance to GCF travellers. It is expected that this approach will make provision of travel services more efficient over time and help with cost control through identification of saving opportunities with the travel agent;

(c) The procurement planning process started in 2017, and related lessons learned will be used for subsequent procurement plans. Procurement planning for 2018 is expected to commence in November 2017 through to 31 January 2018;

(d) Standard bidding documents will be updated and introduced after approval of the revised procurement guidelines because the revisions will be based on the same guidelines; and

(e) E-sourcing system – a lot of progress has been made in relation to procurement of the E-sourcing system. It is expected that, all factors constant, the E-sourcing system will be fully in place before the end of 2017 and tested to identify possible gaps before full scale implementation and user training in 2018.

85. With the increase in the number of professional staff in procurement (from one to three) it is expected that more efficient support to the project proposal review process will be provided on procurement matters. As part of the 2018 focus, the procurement unit will collaborate closely with the CPD, the PSF and the Portfolio Management Unit to identify possible gaps on procurement issues that should be addressed before a proposal goes forward to the next stage. This undertaking is based on what has been observed since 2016 in relation to the differences in approach by AEs on procurement issues. While some AEs (e.g. the World Bank) undertake a thorough procurement capacity assessment of the implementing parties proposed in the project proposal and identify risk and recommend mitigation strategies as expected, other AEs do not and merely provide a very simplified procurement section that does not provide any major information on how procurement will be governed and the capacity of the implementing entity.

86. **Finance:** The new AE fees policy is tabled for B.18, which includes a number of improvements over the interim policy. Once the policy is approved by the Board, the entire Secretariat will be involved in the implementation of the policy, including in guiding AEs on various aspects of the new policy. As part of the Secretariat’s second-level assessment of the funding proposals, the team will be doing the financial management assessment of all the funding proposals to be presented to the Board in 2018. Furthermore, the team will spearhead the development of the document on financial terms and conditions of financial instruments during 2018.

87. The pace of disbursement increased significantly during the first part of 2017. In the period to August USD 55 million was disbursed and total disbursements are expected to reach over USD 200 million for 2017 rising to over USD 800 million for 2018. This has implications both for staffing levels and accounting systems to accurately record, process and account for the increased level of disbursement on a timely basis. It will also impact on the production of the annual financial statements in that it will increase the complexity of the GCF balance sheet and majority of expenditures will be programmatic instead of administrative.
11.1 Human resources/Secretariat structure

88. Both the decisions of the Board and its strategic plan recognize the importance of building adequate institutional capabilities, including building "a well-staffed Secretariat that can deliver all of its functions as provided in the Governing Instrument." Consistent with the Board's 2017 work programme decision and approved budget, the Secretariat has been working on multiple tracks to achieve these goals. As it relates to staffing, the 2017 work programme included as a priority that the Secretariat be authorized to work towards a new staffing goal of 180 to be met as soon as possible but no later than 2018. Therefore it established an ambitious goal of being able to have approximately 140 staff on board by the end of calendar year 2017. We are pleased to say that the Secretariat expects to exceed that goal and it is working towards reaching approximately 180 level by the first quarter of 2018.

89. Further, on the basis of the approved 2017 budget, the Secretariat worked quickly after B.16 to initiate a detailed independent assessment of its current and short-term capacity needs, and the continued suitability of the Secretariat structure relative to the evolving GCF business model. This review was approved by the Board in the context of the 2017 budget and was considered by the Secretariat to be urgent, given that the significant expansion of GCF programmes and the fact that the current structure was put in place in 2013, prior to the development and operationalization of the project/programme cycle. The review was conducted in a comprehensive and professional manner by Dalberg Global Development Advisors, and a summary of the Dalberg report together with the Secretariat’s proposals on related issues are included in document GCF/B.18/10. As it relates to the Secretariat work programme, if the Board endorses the Secretariat proposals on staffing and restructuring, the Secretariat will redouble its efforts to hire high-quality staff, and to map them into the evolving organization in the most effective manner possible. As it relates to expectations for specific staff distribution, the Secretariat will prioritize the hiring of staff to support project/programme/concept note review and processing as well as work in the area of ICT. On the latter, we agree with the findings of Dalberg that further development of the ICT infrastructure will lead to Secretariat-wide efficiencies, and will thereby reduce the rate of future demands for increased staffing.

90. As noted in document GCF/B.18/10, the structural changes being put forward for Board endorsement will present significant opportunities to enhance the Secretariat’s strategic focus and overall management. In particular, the hiring of an experienced stand-alone Deputy Executive Director will enable the effective day-to-day coordination of the evolving GCF programmes, ensure the effective and prudent execution of the 2018 work programme and budget; and, in coordination with the Support Services Division/Human Resources, manage the strategic recruitment of approximately 100 additional new positions. Hiring an experienced and dynamic Deputy Executive Director will free up the Executive Director’s time and allow him to focus more on policy, strategic outreach, negotiation and replenishment-related issues. The establishment of an External Affairs Division will support the coordination of and promote synergies among the numerous relationships that different Secretariat components have with other organizations, governments and civil society. It will also provide essential strategic direction to Secretariat communications, an area that will become even more vital as the GCF moves into its first replenishment phase. The renaming of the Office of the Secretary to the Board (OSB) to Governance Affairs is more than cosmetic, and reflects what will be a strengthened ability to act as a centre of knowledge management for governance issues related to the Board, including serving as an institutional memory for new Board members and Co-Chairs and the tracking of all Board decisions. It will also support the Secretariat’s efforts to maintain strong relations with the UNFCCC and to implement the framework on complementarity and coherence with a view to building relationships with other climate funding bodies and effectively leveraging GCF resources to maximize climate benefits. Finally, the establishment of anchor positions to help coordinate strategic planning and knowledge
management systems will help to ensure that the many related efforts being undertaken throughout the Secretariat are well coordinated, properly monitored and mutually supportive. These changes, together with a more formalized and accountable joint work programming process will help to strengthen collaboration and improve lateral communications between and among the Secretariat’s three substantive divisions (CPD, DMA and PSF).

91. **Enhanced onboarding and training:** Creating new structures and contracting new staff are important tasks but they must be supported by a thorough introduction and induction to their new frameworks so that they can become quickly effective and engaged with their work. An organizational induction programme is now running at regular intervals, and this is supplemented by support and coaching from managers on the job requirements. This programme will continue in 2018 and will be enhanced in line with the growth of the organization. This effort will also be supported by the new Secretariat Operations Manual, which will evolve to support both the new structure and new Board policies. Moreover, new staff are very often accompanied by their families and care is taken to help them settle in. With our partners, the City of Incheon, who offer a generous welcome package, we are able to support families with information and practical help. We are planning to enhance this support via the procurement of a professional relocation services agency in 2018, as the influx of additional staff and their families will call for increased capacity in this area.

92. While focus has been (and will continue to be) on recruiting new staff and helping them and their families to settle into Songdo, we are also making sure that existing staff are able to keep their professional skills and knowledge up to date. This is not only to maintain and expand the capacity of the Secretariat, but also to engage and retain our staff for whom professional and career development are critical. 2017 was the first year that a budget was specifically set aside for learning and training, and this will be continued and expanded in 2018 onwards, with significant investments in individual training plans to fill skills gaps, and professional development initiatives. A number of divisions are planning substantial technical training programmes to make sure their staff have the optimum skills and knowledge for their roles. Many of these training opportunities will be made available to all Secretariat staff. Learning and training in 2018 will be led by a newly hired talent management specialist, whose main role will be to facilitate organizational and individual training/learning initiatives.

XII. **Risk, audit, and legal functions**

93. **Risk management and compliance:** The publication of the Risk Dashboard starting in 2018 will provide the Board and the GCF senior management team with the information needed to monitor and make informed decisions with respect to the risks identified in the Risk Register and the risk tolerances of the GCF, established in the Risk Appetite Statement. In 2018, the funding proposal review process will also incorporate a project success rating and a credit risk rating, which can be used for portfolio reviews and funding proposal risk assessments. The successful implementation of the components of the risk management framework supports the GCF objective to review more funding requests and increases the efficiency of the reviews, which will lead to greater climate impact.

94. Another priority of the function in 2018 is the development and implementation of the compliance target operating model, covering its mandate, strategy and a definition of roles and responsibilities to assign clear ownership either to the compliance function or other related groups.

95. **Internal audit:** The Office of the Internal Auditor (OIA) developed the risk-based three-year internal audit plan for 2017–2019 earlier in 2017, and is currently in the process of implementing it.
96. The OIA will continue auditing units of the GCF Secretariat. The current plan is to audit the following units in 2018:

(a) Portfolio Management Unit;
(b) ICT and Security Unit (within DSS);
(c) Office of Governance and General Counsel;
(d) Procurement and Travel Unit (within DSS); and
(e) Office of Risk Management and Compliance.

97. Legal support: Virtually every segment of the work of the GCF benefits from legal assistance, and as the work of the GCF grows, related assistance remains critical. In particular, legal support will continue to be vital in 2018 in the negotiation of the AMAs and FAAs that enable projects to move forward towards implementation. In addition, legal counsel to the Board and the new Co-Chairs will remain important in 2018, as will ongoing assistance in the implementation of the Governing Instrument, Board decisions and Board policies. Legal assistance is also vital to the operation of the Secretariat itself, and in 2018, the Secretariat will benefit from legal support in such areas as HR and procurement. Finally, during 2018 the Secretariat’s legal expertise will work towards increasing the number of privileges and immunities agreements between the GCF and countries.

XIII. Proposed 2018 administrative budget of the GCF

98. The activities of the Board, the Secretariat, and the services provided by the Interim Trustee are supported through an administrative budget approved by the Board against the funds available in the Green Climate Fund Trust Fund (GCF Trust Fund) established by the Interim Trustee. The following sections propose the administrative budget for the period 2018 to support the operations of the GCF during this period by:

(a) The Board;
(b) The Secretariat; and
(c) The Interim Trustee.

99. It also includes the budget for estimated staff costs for Board-approved positions for the periods 2019 and 2020.

100. The 2018 budget has been developed in collaboration with relevant divisions and offices of the Secretariat, and is based on their proposed activities for 2018, and estimates provided by the Interim Trustee. The GCF senior management team played a strong challenge function when reviewing individual divisional/office budgets. The budget was also reviewed by the Budget Committee and incorporates their feedback.

13.1 Summary 2018 draft Budget

101. In total the proposed 2018 administrative budget is USD 63.6 million as set out in table 4. This represents a total increase of USD 16.8 million or 36 per cent over the approved 2017 budget for the Board, the Secretariat and the Interim Trustee.

102. Approximately 83 per cent (USD 13.9 million) of the proposed increase relates to the cost of the additional positions1 as requested by GCF divisions/offices to implement their 2018 work programmes. The number of requested positions is towards the lower end of the staffing

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1 The budget assumes that approximately 160 staff will be on board by the end of 2017 and 250 by the end of 2018.
range as proposed by Dalberg in their report “Accelerating the Capacity Building of the GCF Secretariat”. The remaining amount of USD 2.9 million comprises increases of USD 0.2 million for Board expenditure, USD 2.1 million for the Secretariat budget (mainly ICT and communications) and USD 0.6 million for the Interim Trustee. Details are set out below. The estimated staff costs for 2019 and 2020, based on staffing level of 250, amounts to USD 42.5 million and USD 44.3 million respectively.

Table 4: Proposed administrative budget for the period 2018 (in United States dollars)

<table>
<thead>
<tr>
<th></th>
<th>2017 Approved at B.16</th>
<th>Draft 2018 Projection</th>
<th>Increase/ (decrease) in 2017 draft budget over approved 2016</th>
<th>% change</th>
</tr>
</thead>
<tbody>
<tr>
<td>1 Board</td>
<td>3,186,305</td>
<td>3,337,046</td>
<td>150,741</td>
<td>5</td>
</tr>
<tr>
<td>2 Secretariat</td>
<td>42,471,526</td>
<td>58,473,960</td>
<td>16,002,434</td>
<td>38</td>
</tr>
<tr>
<td>3 Interim Trustee</td>
<td>1,126,240</td>
<td>1,747,000</td>
<td>620,760</td>
<td>55</td>
</tr>
<tr>
<td>Total (1+2+3)</td>
<td>46,784,071</td>
<td>63,558,006</td>
<td>16,773,935</td>
<td>36</td>
</tr>
</tbody>
</table>

13.2 Board

The costs relating to the Board, detailed in table 5, cover expenditures associated with:

(a) Logistical arrangements for and travel to Board meetings;
(b) Co-Chair and Board representative travel on GCF related missions; and
(c) Inter-sessional meetings of Board committees, panels and working groups; including the costs of the Accreditation Panel and the Technical Advisory Panel.

Table 5: Board: Proposed administrative budget for the period 2018 (in United States dollars)

<table>
<thead>
<tr>
<th></th>
<th>2017 Budget approved at B.16</th>
<th>2018 Draft budget</th>
<th>Increase/ (decrease) in 2018 draft budget over approved 2017</th>
<th>% change</th>
</tr>
</thead>
<tbody>
<tr>
<td>1 Board meetings</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>1.1 Board representative travel</td>
<td>1,087,680</td>
<td>1,120,310</td>
<td>32,630</td>
<td>3</td>
</tr>
<tr>
<td>1.2 Venue and logistics</td>
<td>391,400</td>
<td>403,142</td>
<td>11,742</td>
<td>3</td>
</tr>
<tr>
<td>Subtotal: Board meetings</td>
<td>1,479,080</td>
<td>1,523,452</td>
<td>44,372</td>
<td>3</td>
</tr>
<tr>
<td>2 Co-Chair and Board representative travel</td>
<td>23,175</td>
<td>23,870</td>
<td>695</td>
<td>3</td>
</tr>
<tr>
<td>Subtotal: Co-Chair and Board representative travel</td>
<td>23,175</td>
<td>23,870</td>
<td>695</td>
<td>3</td>
</tr>
<tr>
<td>3 Board committees, panels and working groups</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>3.1 Board representative travel</td>
<td>326,510</td>
<td>336,305</td>
<td>9,795</td>
<td>3</td>
</tr>
<tr>
<td>3.2 Venue and logistics</td>
<td>10,300</td>
<td>10,609</td>
<td>309</td>
<td>3</td>
</tr>
<tr>
<td>3.3 Compensation of Board panels: Accreditation Panel</td>
<td>605,640</td>
<td>623,809</td>
<td>18,169</td>
<td>3</td>
</tr>
<tr>
<td>3.4 Compensation of Board panels: Technical Advisory Panel</td>
<td>741,600</td>
<td>819,000</td>
<td>77,400</td>
<td>10</td>
</tr>
<tr>
<td>Subtotal: Board committees, panels and working groups</td>
<td>1,684,050</td>
<td>1,789,724</td>
<td>105,674</td>
<td>6</td>
</tr>
<tr>
<td>Total (1+2+3)</td>
<td>3,186,305</td>
<td>3,337,046</td>
<td>150,741</td>
<td>5</td>
</tr>
</tbody>
</table>

* 12 Board members, 12 alternate members and 24 advisers to attend each per meeting.
In aggregate, the proposed budget for the Board in 2018 shows an increase of USD 0.15 million or 5 per cent over the 2017 approved budget. This comprises an increase of USD 77,400 or 10 percent for the costs of the Technical Advisory Committee (to bring their budgeted costs into line with signed contracts) and a general increase of 3 per cent in other line items. The proposed increase of 3 per cent is in line with standard budget practice.

The costs associated with the meetings logistics have been budgeted on the assumption that there will be three Board meetings in 2018 together with an informal meeting and that three of the four meetings will be held at the GCF Headquarters, with the other meeting held outside of Headquarters.\(^2\)

The costs associated with Board committees, panels and working groups are budgeted in line with the 2017 expected costs. In addition, members of the Accreditation Panel will again be expected to undertake site visits in 2018. As in 2017, virtual meetings will be the preferred mode of operation.

### 13.3 Secretariat

The proposed budget for the Secretariat is set out in table 6. It includes the costs for staff, consultancies, travel and operational/contractual services required to support the work plan of the Secretariat for 2018.

**Table 6: Secretariat: Proposed administrative budget for the period 2018 (in United States dollars)**

<table>
<thead>
<tr>
<th></th>
<th>2017 Budget approved at B.16</th>
<th>Draft 2018 budget</th>
<th>Increase/ (decrease) in 2018 draft budget over approved 2017</th>
<th>% change</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>1 Salaries and consultants</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>1.1 Full-time staff</td>
<td>24,143,451</td>
<td>38,037,342</td>
<td>13,893,891</td>
<td>58</td>
</tr>
<tr>
<td>1.2 Consultants</td>
<td>3,866,920</td>
<td>2,891,250</td>
<td>(975,670)</td>
<td>(25)</td>
</tr>
<tr>
<td><strong>Subtotal: salaries and consultants</strong></td>
<td>28,010,371</td>
<td>40,928,592</td>
<td>12,918,221</td>
<td>46</td>
</tr>
<tr>
<td><strong>2 Travel</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>2.1 Travel</td>
<td>1,569,500</td>
<td>2,322,500</td>
<td>753,000</td>
<td>48</td>
</tr>
<tr>
<td>2.2 Secretariat staff travel – Board meeting</td>
<td>267,800</td>
<td>275,834</td>
<td>8,034</td>
<td>3</td>
</tr>
<tr>
<td><strong>Sub-total: travel</strong></td>
<td>1,837,300</td>
<td>2,598,334</td>
<td>761,034</td>
<td>29</td>
</tr>
<tr>
<td><strong>3 Contractual services, general operating, and info. technology costs</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>3.1 Office utility costs</td>
<td>300,000</td>
<td>309,000</td>
<td>9,000</td>
<td>3</td>
</tr>
<tr>
<td>3.2 Contractual services</td>
<td>7,500,000</td>
<td>7,525,573</td>
<td>25,573</td>
<td>0</td>
</tr>
<tr>
<td>3.3 Other operating costs</td>
<td>475,000</td>
<td>489,250</td>
<td>14,250</td>
<td>3</td>
</tr>
<tr>
<td>3.4 Communication and printing</td>
<td>315,000</td>
<td>1,063,018</td>
<td>748,018</td>
<td>237</td>
</tr>
</tbody>
</table>

\(^2\)This assumption is made for the purpose of budgeting and does not pre-empt Board decisions on either the number or venue of meetings in 2018.
The preparation of the draft 2018 budget is based on a number of factors. These include:

(a) The development of the detailed 2018 work programme and the Secretariat’s divisions/offices best estimate of the resources required to carry out their respective 2018 work programmes. In particular it takes into account the need to provide technical support to countries and direct access entities in their efforts to develop and submit good high-quality funding proposals. At present, CPD and DMA are working closely to support 10 countries and 10 direct access entities but with the growing need for more country-centred approaches and country-focused origination a scaling up of these efforts are required. It also takes into account the need to clear the current backlog of accreditation and funding proposals;

(b) The recent study carried out by Dalberg on “Accelerating the Capacity of the Secretariat” which is presented as annex III under Board document GCF/B.18/10 titled “Structure and staffing of the Secretariat”. The study concluded a staffing capacity projection of between 238 under a low scenario to 294 under a high scenario for 2018;

(c) The need to increase the level of back office functions to support the larger operational units;

(d) The creation of an External Relations Division; and

(e) A strong challenge function by the senior management team in challenging each division/office to justify their requested budgets.

109. **Staffing:** Decision B.12/27 noted that “the current workload is being carried out by a complement of 56 regular Secretariat staff and approximately 33 long term consultants and acknowledges that this situation is unsustainable and should be addressed as a priority”.

110. It further noted the need to increase the number of regular staff in the Secretariat to an approximate total of 100 by the end of 2016 and to further increase to a total of approximately 140 by the end of 2017, taking into account the ability of the Secretariat to recruit and absorb the increasing staff numbers, following the appropriate processes. It is now likely that a total of 140 staff will be reached by B.18.

111. The Dalberg report recommended a 2018 staffing range of between 238 and 294 for 2018.

112. The staffing budget for 2018 has been prepared based on GCF division/office inputs of their estimated requirement to implement their 2018 work programmes. The total is for 250 staff. This number lies towards the lower end of the Dalberg range for 2018.

113. The total salaries budget requested for 2018 is USD 38,037,342. This represents an increase of USD 13,893,891 or 58 per cent. The requested budget assumes that 160 staff will be on-board by the end of 2017 and 250 by the end of 2018.

<table>
<thead>
<tr>
<th></th>
<th>2017 Budget approved at B.16</th>
<th>Draft 2018 budget</th>
<th>Increase/ (decrease) in 2018 draft budget over approved 2017</th>
<th>% change</th>
</tr>
</thead>
<tbody>
<tr>
<td>3.5 Information and communication technology</td>
<td>3,183,855</td>
<td>4,690,000</td>
<td>1,506,145</td>
<td>47</td>
</tr>
<tr>
<td>3.6 Depreciation</td>
<td>850,000</td>
<td>870,193</td>
<td>20,193</td>
<td>2</td>
</tr>
<tr>
<td><strong>Subtotal: contractual services, general operating, and info. technology costs</strong></td>
<td>12,623,855</td>
<td>14,947,034</td>
<td>2,323,179</td>
<td>18</td>
</tr>
<tr>
<td><strong>Total (1+2+3)</strong></td>
<td>42,471,526</td>
<td>58,473,960</td>
<td>16,002,434</td>
<td>38</td>
</tr>
</tbody>
</table>
The requested additional staff will be recruited in a phased manner during the latter part of 2017 and throughout 2018. As noted in footnote 1, it is assumed that an additional 20 staff will be recruited by the end of 2017 and an additional 90 staff by the end of 2018, bringing the total staffing level to 250. Table 7 sets out the phasing of staff recruitment, broken down by project cycle-related and non-project cycle-related staff, together with costs.

Table 7: Phasing of staff recruitment and estimated budget

<table>
<thead>
<tr>
<th></th>
<th>2018</th>
<th></th>
<th></th>
<th></th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Q1</td>
<td>Q2</td>
<td>Q3</td>
<td>Q4</td>
<td></td>
</tr>
<tr>
<td>Staff</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Project cycle-related</td>
<td>15</td>
<td>16</td>
<td>16</td>
<td>15</td>
<td>62</td>
</tr>
<tr>
<td>Non-project cycle-related</td>
<td>7</td>
<td>7</td>
<td>7</td>
<td>7</td>
<td>28</td>
</tr>
<tr>
<td>In staff category (budget USD thousands)</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>IS</td>
<td>17 (3,743)</td>
<td>17 (2,807)</td>
<td>17 (1,872)</td>
<td>17 (936)</td>
<td>68 (9,358)</td>
</tr>
<tr>
<td>AS</td>
<td>5 (452)</td>
<td>6 (407)</td>
<td>6 (271)</td>
<td>5 (113)</td>
<td>22 (1,244)</td>
</tr>
<tr>
<td>Total</td>
<td>22 (4,196)</td>
<td>23 (3,215)</td>
<td>23 (2,143)</td>
<td>22 (1,049)</td>
<td>90 (10,602)</td>
</tr>
</tbody>
</table>

The estimated costs of the 250 staff positions are USD 42,289,607 and USD 44,107,723 for 2019 and 2020, respectively.

Consultancy costs comprise the hiring of individual consultants. Professional service firms who provide consultancy services are budgeted under the line item contractual services. Individual consultancies are made up of full-time consultants based in Songdo (staff consultants) for periods of three months upwards and consultants who provide services remotely on a call basis. The Board, in approving the 2017 budget and the additional staffing numbers, tasked the Secretariat with reducing consultancy costs going forward.

Consultants are budgeted at USD 2.9 million against the 2017 budget of USD 3.9 million and estimated actual costs of USD 5 million for 2017. The proposed 2018 budget shows a reduction of USD 1 million or 25 per cent against the 2017 budget and USD 2.1 million or 42 per cent against the projected 2017 actual expenditure.

The total of USD 2.9 million comprises staff consultants of USD 0.6 million and remote consultants USD 2.3 million.

Time sheet consultants are required to provide additional expertise in technical areas where the relevant division does not propose to hire staff itself.

Travel: Staff travel is budgeted at USD 2.6 million, of which USD 2.35 million is to support the work programme of the Secretariat and USD 0.25 million for staff members supporting the Board meeting outside of Songdo.

The travel budget of USD 2.35 million represents 11 per cent of non-staff costs and is in line with other international organizations. For example, travel costs as a percentage of non-staff costs are 13 per cent for World Intellectual Property Organization and 17.9 per cent for Pan American Health Organization. This proposed budget of USD 2.35 million reflects the need for staff to undertake missions for outreach and awareness-raising, as needed in countries and partner institutions and also takes into account the large increase in staffing levels in 2018. At the same time it takes into account the increasing awareness within the GCF Secretariat for staff to conduct business through virtual meetings wherever possible.

Utility costs are estimated at USD 0.3 million. These comprise utility costs for the headquarters eight floors which will be occupied by GCF in 2018. The requested increase is in line with normal inflationary increase.

Contractual services represents the cost of contracting professional service/consultancy firms to supplement the substantive work programme of the Secretariat in 2018.
124. The proposed budget is USD 7.5 million. This is a similar level to that approved for 2017. The 2017 approved budget represented an increase of USD 3 million over 2016. The Board noted, in approving the increase for 2017, that the level of USD 7.5 million should not become the new norm. However, some of the work proposed to be undertaken in 2017 has been delayed (country programming advisory services, external counsel for funded projects) and will now be undertaken in 2018. Thus the Board is again requested to approve a budget of USD 7.5 million.

125. The main components and outputs by operating division are as follows:

(a) The CPD budget includes an amount for USD 2.1 million for professional services to provide country programming advisory services, to assess applications for accreditation, and to develop environmental and social safeguards/gender tools;

(b) The USD 1.1 million budgeted under Office of the General Counsel comprises an amount of USD 0.7 million for external legal due diligence, review and drafting of funded activity agreements and related project documentation (subscription agreements, deeds of incorporation, shareholders agreements, etc), advice on local laws and the issuance of legal opinions. These services will as a rule need to be rendered after the Board has approved a funding proposal. In addition, USD 0.4 million is requested for legal advice on institutional matters (both international and Korean law firms) where the Secretariat does not have the in-house expertise and for translation services;

(c) The Private Sector Facility Division budget includes an amount of USD 0.75 million for the provision of technical advisory services. This will support the development of a business plan for the Division and for the provision of support to direct access private entities seeking accreditation;

(d) The budget for the DMA includes an amount of USD 0.3 million for the provision of technical advisory services. The increasing amount of funding proposals and concept notes will require additional capacities to conduct second-level due diligence, technical and compliance reviews. The Division foresees receiving support from specialized firms for conducting part of the review process, enabling the division to manage a larger number of proposals for more specialized areas which may not be covered by the professional profile of the new staff that will be joining the team during the next three to six months

(e) The Office of Risk Management budget includes an amount of USD 1.5 million for the continuing development of comprehensive risk and compliance policies/rating methodologies and for other consulting services requiring a third-party opinion. It should be noted that the budget allocated for some of these services in 2017 was not utilized in 2017; and

(f) The Support Services Division/Chief Financial Officer budget includes an amount of USD 1.4 million for a range of services, which includes: human resource professional recruitment firms; research on the establishment of the replenishment process; a review of contribution policy; and audit services.

126. Other operating costs: Miscellaneous costs such as office supplies, bank charges, insurance, in-house workshops, and so on, amounting to USD 0.5 million has been proposed.

127. Communication: The communications work in 2018 assumes the creation of a new External Affairs Division. It will focus on two overarching goals: firstly to raise awareness and encourage, support and promote collaboration among key stakeholders of the GCF; and secondly to use communications to achieve the objectives of the GCF.

128. It also includes a budget of USD 0.6 million for a “Climate Frontiers” conference. This is a proposed high-level stakeholder conference that GCF could convene in 2018 to help nurture the global dialogue on climate investments. This forum could be organized in partnership with
existing and potential new partner institutions that would co-sponsor the event. Depending on the calibre and format of the gathering, the conference would likely incur cost of approx. USD 1.4 million of which GCF would contribute USD 0.6 million. The organization of such an event would be outsourced to a professional firm for international conference services.

129. **Information and communication technology (ICT):** The 2018 budget is based on best practices for organizations operating in the public sector. For example, a metric derived from the Gartner benchmark estimates average ICT costs for organizations operating in the public sector. Gartner’s applicable ICT budget benchmark for national/international governmental organizations such as the GCF is 11.7 per cent of corporate total. For 2018, the IT systems budget, excluding staffing costs, is USD 4.7 million (8 per cent) together with a depreciation charge of USD 0.85 million.

130. The primary focus will be to continue the implementation of systems (set out below) previously begun in 2017. The most important projects are:

(a) Integrated Portfolio Management System;
(b) Monitoring and evaluation management system;
(c) Organizational performance management system;
(d) Readiness and partnering systems and tools;
(e) A contributions and cash management system;
(f) A risk and quality management system;
(g) Human resource management system;
(h) eProcurement portal;
(i) Content management system; and
(j) Online volunteer knowledge-sharing platform.

131. **Depreciation:** Includes the annual depreciation costs for systems developed in 2016 and 2017:

(a) Software and hardware;
(b) Board room equipment; and
(c) Computer equipment.

13.4 **Interim Trustee**

132. The administrative budget for the Interim Trustee shown in table 8 includes the estimated costs and expenses of the International Bank for Reconstruction and Development (the World Bank) for the Interim Trustee services of the GCF as estimated by the Interim Trustee. Actual costs for 2018 will depend on the level of services required and may also be adjusted dependent on a Board decision regarding the appointment of a permanent trustee.
### Table 8: Interim Trustee, Estimated costs and expenses for the period 2018 (in United States dollars)

<table>
<thead>
<tr>
<th></th>
<th>2017 budget</th>
<th>2018 budget</th>
<th>Increase/ (decrease) in 2018 draft budget over approved 2017</th>
<th>% change</th>
</tr>
</thead>
<tbody>
<tr>
<td>1 Financial and programme management</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>1.1 Staff costs and expenses</td>
<td>320,040</td>
<td>340,000</td>
<td>19,960</td>
<td>6</td>
</tr>
<tr>
<td>1.2 Travel</td>
<td>48,400</td>
<td>40,000</td>
<td>(8,400)</td>
<td>-17</td>
</tr>
<tr>
<td><strong>Subtotal: financial and programme management</strong></td>
<td>368,440</td>
<td>380,000</td>
<td>11,560</td>
<td>3</td>
</tr>
<tr>
<td>2 Investment management</td>
<td>595,000</td>
<td>1,264,000</td>
<td>669,000</td>
<td>112</td>
</tr>
<tr>
<td>3 Accounting and reporting</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>3.1 Staff costs and expenses</td>
<td>33,000</td>
<td>33,000</td>
<td>-</td>
<td>0</td>
</tr>
<tr>
<td><strong>Subtotal: accounting and reporting</strong></td>
<td>33,000</td>
<td>33,000</td>
<td>-</td>
<td>0</td>
</tr>
<tr>
<td>4 Legal services</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>4.1 Staff costs and expenses</td>
<td>95,700</td>
<td>60,000</td>
<td>(35,700)</td>
<td>-37</td>
</tr>
<tr>
<td>4.2 Travel</td>
<td>34,100</td>
<td>10,000</td>
<td>(24,100)</td>
<td>-71</td>
</tr>
<tr>
<td><strong>Subtotal: legal services</strong></td>
<td>129,800</td>
<td>70,000</td>
<td>(59,800)</td>
<td>-46</td>
</tr>
<tr>
<td><strong>Total (1+2+3+4)</strong></td>
<td>1,126,240</td>
<td>1,747,000</td>
<td>620,760</td>
<td>55</td>
</tr>
</tbody>
</table>

133. **Financial and programme management:** These items cover: processes and procedures relating to all aspects of financial transactions; management and processing of contributions, including negotiation and execution with contributors, all banking, foreign exchange, payment requests and acknowledgements; executing cash transfers to recipients; regular financial reporting and activities related to preparation of financial statements and external audit. It also includes responding to day-to-day enquiries from Secretariat, contributors and other GCF constituencies and stakeholders, and ad hoc advisory services to the Secretariat on specific issues, as requested. The level of effort required for these items is expected to remain at or slightly above that required in 2017. The increase is in line with staff salary increases.

134. **Investment management:** The World Bank Group charges a flat fee of 3.5 basis points (0.035 per cent) of the estimated average annual undisbursed balance in the GCF Trust Fund for investment management services for trust funds. For the purpose of the budget estimate, an average balance of USD 3.6 billion for CY2018 is assumed based on information included in GCF documents and estimated year end balances. The actual fee will depend on the actual average balances in the GCF Trust Fund during 2018, which may be higher or lower than this estimate depending on timing of cash contributions, GCF requests for cash transfers and so on.

135. **Accounting and reporting:** This item includes maintenance of appropriate records and accounts to identify contributions and other receipts and GCF Trust Fund liabilities.

136. **Legal services:** These items include the preparation of contribution agreements/arrangements with contributors and other agreements and arrangements as required, including with the GCF, and the review of documents of the GCF given their impact on the role of the Interim Trustee. The expectation in 2018 is that there will be a decrease in legal services from the Interim Trustee.
Appendix I: Administrative budget of the Green Climate Fund for 2018

<table>
<thead>
<tr>
<th>Items</th>
<th>Budget 2018 (USD)</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>1 Board</strong></td>
<td></td>
</tr>
<tr>
<td>1.1 Board meetings</td>
<td>1,523,452</td>
</tr>
<tr>
<td>1.2 Co-Chair and Board representative travel</td>
<td>23,870</td>
</tr>
<tr>
<td>1.3 Board committees, panels and working groups</td>
<td>1,789,724</td>
</tr>
<tr>
<td><strong>Sub-total: Board</strong></td>
<td><strong>3,337,046</strong></td>
</tr>
<tr>
<td><strong>2 Secretariat</strong></td>
<td></td>
</tr>
<tr>
<td>2.1 Salaries and consultants</td>
<td>40,928,592</td>
</tr>
<tr>
<td>2.2 Travel</td>
<td>2,598,334</td>
</tr>
<tr>
<td>2.3 Contractual services, general operating, information technology costs</td>
<td>14,947,034</td>
</tr>
<tr>
<td><strong>Sub-total: Secretariat</strong></td>
<td><strong>58,473,960</strong></td>
</tr>
<tr>
<td><strong>3 Interim Trustee</strong></td>
<td></td>
</tr>
<tr>
<td><strong>Grand total</strong></td>
<td><strong>63,558,006</strong></td>
</tr>
</tbody>
</table>
Appendix II: Policy related reports requested of the Secretariat in the 2018 work plan of the Board

1. Presentation of the annual assessment of the application of the country ownership guidelines (Decision B.17/21, para. (c))

2. Adoption of a policy on co-financing (Decision B.17/10, para. (c)(iii))

3. Presentation of ToR for request(s) for proposals for the remainder of the allocation for the MSME pilot programme (decision B.13/22, para. (f))

4. Adoption of fiduciary compliance and integrity policies - (Decisions B.12/31, para. (i), B.14/01, para. (e), and B.15/13)

5. Integration of policies relating to prohibited practices, anti-money laundering and countering the financing of terrorism in the interim fiduciary standards (Decision B.14/01, para. (f))

6. Commencement of the review of the initial fiduciary standards (Decision B.14/08, para. (f))

7. Presentation of the environmental and social management system

8. Presentation of method and criteria for the prioritization of entities applying for accreditation (Decisions B.14/08, para. (d)(ii), and B.17/01 (b), (xii))

9. Presentation of modalities for the use of third-party evidence in the accreditation process (Decision B.14/08, para. (e), and B.17/01 (b), (xiii))

10. Presentation of findings of the assessment, including a gap analysis of the Adaptation Fund’s environmental and social policy and gender policy and recommendations on potential accreditation and fast-tracking (Decision B.14/08, para. (e)(iii), and B.17/01 (b), (xiii))

11. Presentation of consolidated country and entity work programmes - (Decision B.17/05, para (c))

12. Presentation of findings of the additional analysis of potential investment priority areas to identify specific result areas where targeted GCF investment would have the most impact

13. Adoption of risk rating models - (Decision B.17/11, para (f))

14. Adopt a decision on cases where high-level and low-level concessional terms will apply for the public sector work

15. Development and application of incremental cost calculation methodology and/or alternative methodologies - (Decision B.17/10, para. (c)(i))

16. Options for further guidance on concessionality - (Decision B.17/10, para. (c)(iv))

17. Guidance and scope for providing support to adaptation activities - (Decision B.17/10, para. (c)(iii))

18. Adoption of a simplified process for approval of proposals for certain activities, in particular for small-scale activities

19. Consideration of options for the development of a two-stage proposal approval process (Decision B.17/09, para. (g))

20. Defining the nature, scope and extent of second-level due diligence by the Secretariat (Decision B.17/09, para. (o))

21. Update to the project and programme activity cycle as contained in decision B.17/09, annex IV (Decision B.17/09, para (n))
23. Comprehensive restructuring and cancellation policy (Decisions B.07/03, para. (e), and B.17/09, para. (p))

24. Further development of some indicators in the performance measurement frameworks

25. Consideration of alternative policy approaches for the integral/sustainable management of forests

26. Recommendations for modalities to fast-track accreditation of private sector entities (Decision B.17/06, para (e))

27. Presentation of PSAG recommendations on the development of a private sector outreach plan (decision B.13/05, para. (d), B.BM-2017/02)

28. Consideration of PSAG recommendations on opportunities to engage private sector, including local actors, in adaptation at national, regional and international levels

29. Mobilization of private sector finance to progress GCF forestry-related results areas

30. Consideration of the review of the structure and staffing of the Secretariat, including a proposal on Secretariat staffing for communications and outreach (Decision B.13/25, para. (e))

31. Approval of the work programme of the Secretariat for 2019

32. Presentation of the unaudited financial statements for 2017

33. Approval of the audited financial statements for 2017

34. Approval of the administrative budget of the Board and Secretariat for 2019

35. Consideration of options for the timely consideration of funding proposals between meetings (Decision B.17/09, para (m))

36. Presentation of a Code of conduct for the Accreditation Panel

37. Presentation of findings of the review of the structure and effectiveness of the independent Technical Advisory Panel (Decisions B.10/09, para. (d), B.14/01, para. (h) and B.15/06 para. (c)), and B.17/01 (b)(i))

38. Adoption of ToRs for the performance review of the TAP members (Decision B.09/10, annex XII)

39. Presentations of options for a mechanism to draw on appropriate scientific and technical advice

40. The terms of reference for the Permanent Trustee; selection process and criteria, approval of announcement

41. Presentation of the recommended final nominee to the Board for its decision (Decision B.16/05, annex II)

42. Presentation of a comprehensive 2017 annual status report on the implementation of the strategic plan (Decisions B.12/20, para. (d), and B.17/05, para (d))

43. Adoption of a communications strategy - (Decisions B.04/13, B.11/15, B.13/25, para. (f), and B.17/01)

44. Presentation of ToRs for the review of committees, panels and groups

45. Presentation of work programmes of committees and panels that include actions outlined in the strategic plan (Decisions B.12/20, para. (f), B.BM-2017/02, and B.17/01, para. (b)(i))

46. Presentation of findings of the review of committees, panels and groups

47. Review of the webcasting service (Decision B.12/35, para. (g))
48. Establishment of the independent appeals panel (*Decision B.12/35, annex XXIX, para. 28*)

49. Presentation of recommendations on the review of the relevant disclosure requirements once the environmental and social management system is developed (*Decision B.12/35, para. (b)*)

50. Presentation of findings of the review of the Gender policy and Gender action plan

51. Adoption of a GCF Indigenous Peoples’ Policy

52. Presentation of the outcomes of the review of guidelines on observer participation (*Decisions B.BM-2016/11, B.BM-2017/02*)

53. Presentation of policies on the formal replenishment process

54. Policies and procedures for contributions from philanthropic foundations and other non-public and alternative sources

55. Approve the seventh GCF report to the COP. COP report to include the report of the COP23 annual meeting with the UNFCCC thematic bodies, and updates related to complementarity and coherence with other funds (*Decisions B.13/11 para. (e), and B.17/04, para. (d)*)

56. Annual report presenting of the outputs from the operational framework on complementarity and coherence. Report to be presented in conjunction with the Seventh COP Report (*Decision B.17/04, para. (b)*)
## Appendix III: Public Sector Funding Proposals Expected to be Presented to the Board in 2018

As of 2017.08.23

<table>
<thead>
<tr>
<th>No.</th>
<th>Dummy Name</th>
<th>Region</th>
<th>Theme</th>
<th>Financial Instrument</th>
<th>GCF Amount (million USD)</th>
<th>Co-financing (million USD)</th>
<th>Total (million USD)</th>
<th>Impact Potential</th>
<th>Direct/Indirect access</th>
<th>Stage</th>
<th>Country Programme?</th>
<th>Entitlement Programme?</th>
<th>Developed from CN?</th>
<th>Received PPF support?</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>REDD-plus programme</td>
<td>Multi-region (Asia-Pacific region, Africa, South America)</td>
<td>Cross-cutting</td>
<td>Grant</td>
<td>210.00</td>
<td>150.00</td>
<td>360.00</td>
<td>Direct/Indirect beneficiaries: 550,000 Female beneficiaries %: 50 Lifetime CO2 tons total: 30,000,000</td>
<td>International</td>
<td>Stage 4: FP submitted</td>
<td>N/A</td>
<td>No</td>
<td>Yes</td>
<td>No</td>
</tr>
<tr>
<td>2</td>
<td>Water Development project</td>
<td>Asia-Pacific region</td>
<td>Adaptation</td>
<td>Grant</td>
<td>40.00</td>
<td>120.00</td>
<td>160.00</td>
<td>Direct Beneficiaries: 300,000 Direct/indirect beneficiaries: 519,000</td>
<td>International</td>
<td>Stage 4: FP submitted</td>
<td>N/A</td>
<td>No</td>
<td>Yes</td>
<td>No</td>
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<tr>
<td>3</td>
<td>Energy Efficiency project</td>
<td>Latin America and the Caribbean</td>
<td>Mitigation</td>
<td>Grant, Loans</td>
<td>22.00</td>
<td>(Grant: 2.00 Loans: 20.00)</td>
<td>20.00</td>
<td>Direct/Indirect beneficiaries: 7,652,633 Lifetime CO2 tons Total: 7,174,343 Duration CO2 (years): 478,290</td>
<td>International</td>
<td>Stage 4: FP submitted</td>
<td>N/A</td>
<td>No</td>
<td>Yes</td>
<td>No</td>
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<tr>
<td>4</td>
<td>Adaptation project</td>
<td>Africa</td>
<td>Adaptation</td>
<td>Grant</td>
<td>10</td>
<td>4.94</td>
<td>14.94</td>
<td>Direct beneficiaries: 50,000 Direct - national</td>
<td>Stage 4: FP submitted</td>
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<td>Yes</td>
<td>Yes</td>
<td>No</td>
<td>No</td>
</tr>
<tr>
<td>5</td>
<td>Off-grid Energy project</td>
<td>Asia-Pacific region</td>
<td>Mitigation</td>
<td>Grant, Loans</td>
<td>57</td>
<td>100</td>
<td>157</td>
<td>Direct - national</td>
<td>Stage 4: FP submitted</td>
<td>N/A</td>
<td>Yes</td>
<td>Yes</td>
<td>No</td>
<td>No</td>
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<tr>
<td>6</td>
<td>Livelihood resilience project</td>
<td>Latin America and the Caribbean</td>
<td>Cross-cutting</td>
<td>Grant</td>
<td>22.03</td>
<td>15</td>
<td>37.03</td>
<td>Female beneficiaries %: 30 Lifetime CO2 tons total: 2,246,390 Duration CO2 (years): 320,913</td>
<td>International</td>
<td>Stage 4: FP submitted</td>
<td>N/A</td>
<td>Yes</td>
<td>Yes</td>
<td>No</td>
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<tr>
<td>7</td>
<td>Navie vegetation project</td>
<td>Latin America and the Caribbean</td>
<td>Cross-cutting</td>
<td>Grant</td>
<td>50.67</td>
<td>67.14</td>
<td>117.81</td>
<td>Indirect beneficiaries: 9,140 Female beneficiaries %: 47 Lifetime CO2 tons Total: 2,250,000</td>
<td>International</td>
<td>Stage 4: FP submitted</td>
<td>Yes</td>
<td>No</td>
<td>No</td>
<td>No</td>
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<tr>
<td>8</td>
<td>Agribusiness project</td>
<td>Asia-Pacific region</td>
<td>Cross-cutting</td>
<td>Grant, Loans</td>
<td>40.00</td>
<td>100.00</td>
<td>140.00</td>
<td>Direct beneficiaries: 390,000 Direct/Indirect beneficiaries: 2,340,000</td>
<td>International</td>
<td>Stage 4: FP submitted</td>
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<td>Yes</td>
<td>No</td>
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<tr>
<td>9</td>
<td>REDD-plus project</td>
<td>Asia-Pacific region</td>
<td>Mitigation</td>
<td>Grant</td>
<td>38.00</td>
<td>41.00</td>
<td>79.00</td>
<td>Lifetime CO2 tons total: 7,056,428 Duration CO2 (years): 1,960,000</td>
<td>International</td>
<td>Stage 4: FP submitted</td>
<td>Yes</td>
<td>No</td>
<td>No</td>
<td>No</td>
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<tr>
<td>10</td>
<td>Renewable energy and</td>
<td>Latin America and the Caribbean</td>
<td>Mitigation</td>
<td>Loans, Grants</td>
<td>102.50</td>
<td>(Grant: 2.5 Loans: 100.00)</td>
<td>60.00</td>
<td>Lifetime tCO2eq: 4,075,713 Annual Co2eq: 233,508</td>
<td>International</td>
<td>Stage 4: FP submitted</td>
<td>N/A</td>
<td>No</td>
<td>No</td>
<td>No</td>
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<tr>
<td>11</td>
<td>efficiency investment</td>
<td></td>
<td>Cross-cutting</td>
<td>Loans, Grant</td>
<td>60.9</td>
<td>(Loans: 50 Grant: 10.9)</td>
<td>84.42</td>
<td>Direct - regional</td>
<td>Stage 3: CN submitted</td>
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<td>Yes</td>
<td>No</td>
<td>No</td>
<td>No</td>
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<tr>
<td>12</td>
<td>Forestation and afforestation project</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td>Lifetime tCO2eq: 353,521 Annual Co2eq: 14,141</td>
<td>International</td>
<td>Stage 4: FP submitted</td>
<td>No</td>
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<tr>
<td>13</td>
<td>Sustainable Coastal</td>
<td>Latin America and the Caribbean</td>
<td>Cross-cutting</td>
<td>Grant</td>
<td>26.6</td>
<td>7.2</td>
<td>33.8</td>
<td>Direct - regional</td>
<td>Stage 3: CN submitted</td>
<td>No</td>
<td>Yes</td>
<td>Yes</td>
<td>No</td>
<td>No</td>
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<tr>
<td>14</td>
<td>Enhanced Direct Access</td>
<td>Latin America and the Caribbean</td>
<td>Adaptation</td>
<td>Grant</td>
<td>20</td>
<td>0</td>
<td>20</td>
<td>FOR B.18 CONSIDERATION</td>
<td>Stage 2: Generation of FP</td>
<td>No</td>
<td>No</td>
<td>N/A</td>
<td>No</td>
<td>No</td>
</tr>
<tr>
<td>15</td>
<td>Adaptation project</td>
<td>Asia-Pacific region</td>
<td>Adaptation</td>
<td>Grant</td>
<td>67.2</td>
<td>7.8</td>
<td>75</td>
<td>Direct beneficiaries: 1.27M</td>
<td>Direct - national: International</td>
<td>Stage4: FP submitted</td>
<td>Yes</td>
<td>No</td>
<td>Yes</td>
<td>No</td>
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<tr>
<td>16</td>
<td>Water supply system project</td>
<td>Asia-Pacific region</td>
<td>Adaptation</td>
<td>Grant</td>
<td>10.85</td>
<td>76.24</td>
<td>87.09</td>
<td>Total beneficiaries: 235,000</td>
<td>Direct - national: International</td>
<td>Stage4: FP submitted</td>
<td>N/A</td>
<td>No</td>
<td>No</td>
<td>No</td>
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<tr>
<td>17</td>
<td>Rural green economy project</td>
<td>Africa</td>
<td>Cross-cutting</td>
<td>Grant</td>
<td>46.23</td>
<td>0</td>
<td>46.23</td>
<td>Annual tCO2eq: 21,142</td>
<td>Direct - national: International</td>
<td>Stage4: FP submitted</td>
<td>No</td>
<td>Yes</td>
<td>Yes</td>
<td>Yes</td>
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<tr>
<td>18</td>
<td>Cities programme</td>
<td>Multi-regional (East Europe, Asia-Pacific region, South Europe, Africa)</td>
<td>Cross-cutting</td>
<td>Loan, Grant¹</td>
<td>181</td>
<td>800.5</td>
<td>981.5</td>
<td>Annual tCO2eq: 1.8M</td>
<td>Direct beneficiaries: at least 10 cities</td>
<td>Lifetime tCO2eq: 23.3M</td>
<td>Direct beneficiaries: 703,700 daily passenger trips</td>
<td>International</td>
<td>Stage4: FP submitted</td>
<td>N/A</td>
</tr>
<tr>
<td>19</td>
<td>Development and adaptation programme</td>
<td>Africa</td>
<td>Cross-cutting</td>
<td>Grant</td>
<td>67.71</td>
<td>220.51</td>
<td>288.22</td>
<td>Annual tCO2eq: 1.4M</td>
<td>Direct beneficiaries: 4M</td>
<td>Lifetime tCO2eq: 7M</td>
<td>Direct beneficiaries: 10M</td>
<td>International</td>
<td>Stage4: FP submitted</td>
<td>No</td>
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<td>20</td>
<td>Building Resilient Communities project</td>
<td>Latin America and the Caribbean</td>
<td>Adaptation</td>
<td>Grant</td>
<td>9.55</td>
<td>0.45</td>
<td>10</td>
<td>Direct beneficiaries: 30,150</td>
<td>Direct beneficiaries: 27,375</td>
<td>Lifetime tCO2eq: 0.115</td>
<td>Direct beneficiaries: 10M</td>
<td>International</td>
<td>Stage4: FP submitted</td>
<td>No</td>
</tr>
<tr>
<td>21</td>
<td>Resilient Coastal project</td>
<td>Asia-Pacific region</td>
<td>Cross-cutting</td>
<td>Grant</td>
<td>77.893</td>
<td>0</td>
<td>77.893</td>
<td>Annual tCO2eq: 69.115</td>
<td>Direct beneficiaries: 154,000</td>
<td>Lifetime tCO2eq: 1.382M</td>
<td>Direct beneficiaries: 400,000</td>
<td>International</td>
<td>Stage4: FP submitted</td>
<td>No</td>
</tr>
<tr>
<td>22</td>
<td>Early Warning System project</td>
<td>East Europe</td>
<td>Adaptation</td>
<td>Grant</td>
<td>26.57</td>
<td>17.29</td>
<td>43.86</td>
<td>Direct beneficiaries: 1.71M</td>
<td>Direct beneficiaries: 3.7M</td>
<td>Lifetime tCO2eq: 10.3M</td>
<td>Direct beneficiaries: 10M</td>
<td>International</td>
<td>Stage4: FP submitted</td>
<td>N/A</td>
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<tr>
<td>23</td>
<td>Cross-cutting programme</td>
<td>Asia-Pacific region</td>
<td>Cross-cutting</td>
<td>Grant</td>
<td>20</td>
<td>TBC</td>
<td>TBC</td>
<td>Lifetime CO2 tons Total: 10.3M</td>
<td>Direct beneficiaries: 1.382M</td>
<td>Direct beneficiaries: 400,000</td>
<td>International</td>
<td>Stage4: FP submitted</td>
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<td>Yes</td>
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<tr>
<td>24</td>
<td>Water Banking project</td>
<td>Africa</td>
<td>Adaptation</td>
<td>Grant</td>
<td>59.6</td>
<td>116.33</td>
<td>175.93</td>
<td>Direct beneficiaries: 430,000</td>
<td>Female beneficiaries: 51%</td>
<td>International</td>
<td>Stage4: FP submitted</td>
<td>Yes</td>
<td>No</td>
<td>No</td>
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<tr>
<td>25</td>
<td>Climate Resilience project</td>
<td>Asia-Pacific region</td>
<td>Adaptation</td>
<td>Grant</td>
<td>100</td>
<td>93.34</td>
<td>193.34</td>
<td>Direct beneficiaries: 2.2M</td>
<td>Direct beneficiaries: 19M</td>
<td>Lifetime tCO2eq: 1.382M</td>
<td>Direct beneficiaries: 400,000</td>
<td>International</td>
<td>Stage4: FP submitted</td>
<td>N/A</td>
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<td>26</td>
<td>Climate resilience project</td>
<td>Asia-Pacific region</td>
<td>Adaptation</td>
<td>Grant</td>
<td>9.52</td>
<td>0.00</td>
<td>9.52</td>
<td>Direct beneficiaries: 50,000</td>
<td>Direct beneficiaries: 70,000</td>
<td>Lifetime tCO2eq: 1.382M</td>
<td>Direct beneficiaries: 400,000</td>
<td>International</td>
<td>Stage4: FP submitted</td>
<td>N/A</td>
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<tr>
<td>27</td>
<td>Resilience of communities and ecosystems project</td>
<td>Africa</td>
<td>Adaptation</td>
<td>Grant</td>
<td>9.9</td>
<td>0</td>
<td>9.9</td>
<td>Direct beneficiaries: 481,322</td>
<td>Direct - national</td>
<td>International</td>
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<td>Yes</td>
<td>No</td>
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<tr>
<td>28</td>
<td>Ecosystem-Based Adaptation project</td>
<td>Africa</td>
<td>Cross-cutting</td>
<td>Grant</td>
<td>60</td>
<td>29</td>
<td>89</td>
<td>Direct beneficiaries: 800,000</td>
<td>International</td>
<td>Stage3: CN submitted</td>
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<td>Yes</td>
<td>No</td>
<td>No</td>
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<td>29</td>
<td>Landscape REDD-plus Project</td>
<td>Africa</td>
<td>Cross-cutting</td>
<td>Grant</td>
<td>60</td>
<td>15</td>
<td>75</td>
<td>Direct beneficiaries: 800,000</td>
<td>International</td>
<td>Stage3: CN submitted</td>
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<td>Yes</td>
<td>No</td>
<td>No</td>
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<tr>
<td>30</td>
<td>Watershed management project</td>
<td>Asia-Pacific region</td>
<td>Cross-cutting</td>
<td>Grant</td>
<td>200</td>
<td>48</td>
<td>248</td>
<td>Direct beneficiaries: 800,000</td>
<td>International</td>
<td>Stage3: CN submitted</td>
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<tr>
<td>Resilient project</td>
<td>Region</td>
<td>Cross-cutting</td>
<td>Grant</td>
<td>Direct - national</td>
<td>International</td>
<td>Stage3: CN submitted</td>
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<td>Yes</td>
<td>No</td>
<td>No</td>
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<td>32 Green Integrated Investment Programme</td>
<td>Africa</td>
<td>Cross-cutting</td>
<td>Grant</td>
<td>10</td>
<td>0</td>
<td>10</td>
<td>Total beneficiaries: 115,000</td>
<td>Direct - national</td>
<td>Stage4: FP submitted</td>
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<td>No</td>
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<td>33 Energy recovery project</td>
<td>Africa</td>
<td>Cross-cutting</td>
<td>Grant</td>
<td>41.1</td>
<td>6.5</td>
<td>47.6</td>
<td>Total tCO2eq: 210,000</td>
<td>Direct - national</td>
<td>Stage3: CN submitted</td>
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<td>Yes</td>
<td>Yes</td>
<td>No</td>
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<tr>
<td>34 Climate Resilience and Transformational Change project</td>
<td>Asia-Pacific region</td>
<td>Adaptation</td>
<td>Grant</td>
<td>42.567</td>
<td>20.166</td>
<td>62.733</td>
<td>Direct beneficiaries: 20,000</td>
<td>International</td>
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<td>No</td>
<td>No</td>
<td>No</td>
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<tr>
<td>35 Sustainable Transition in Energy Project</td>
<td>Latin America and the Caribbean</td>
<td>Mitigation</td>
<td>Grant</td>
<td>6.6</td>
<td>9.137</td>
<td>15.737</td>
<td>Annual tCO2eq: 5,600</td>
<td>International</td>
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<td>36 SIDS Sustainable Transition in Energy Programme</td>
<td>Multi-region</td>
<td>Mitigation</td>
<td>Grant</td>
<td>32.878</td>
<td>8.928</td>
<td>41.806</td>
<td>Lifetime tCO2eq: 1,041,437</td>
<td>International</td>
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<td>No</td>
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<td>37 Vulnerable coastal and livelihoods project</td>
<td>Africa</td>
<td>Adaptation</td>
<td>Grant</td>
<td>33.68</td>
<td>2.7</td>
<td>36.38</td>
<td>Direct beneficiaries: 128,530</td>
<td>International</td>
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<td>No</td>
<td></td>
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<td>38 Coastal Resilience Project</td>
<td>Asia-Pacific region</td>
<td>Adaptation</td>
<td>Grant</td>
<td>48.60</td>
<td>1.20</td>
<td>49.60</td>
<td>Direct beneficiaries: 4,233</td>
<td>International</td>
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<td>No</td>
<td>No</td>
<td>No</td>
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<td>Latin America and the Caribbean</td>
<td>Adaptation</td>
<td>Grant</td>
<td>18.00</td>
<td>2.00</td>
<td>20.00</td>
<td>Total beneficiaries: 55,000</td>
<td>International</td>
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<td>Latin America and the Caribbean</td>
<td>Adaptation</td>
<td>Grant</td>
<td>37.6</td>
<td>6.7</td>
<td>44.3</td>
<td>Direct beneficiaries: 946,153</td>
<td>International</td>
<td>Stage4: FP submitted</td>
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<td>Yes</td>
<td>Yes</td>
<td>No</td>
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<tr>
<td>41 Climate resilience of livelihoods project</td>
<td>Africa</td>
<td>Adaptation</td>
<td>Grant</td>
<td>47.8</td>
<td>5.5</td>
<td>53.3</td>
<td>Direct beneficiaries: 946,153</td>
<td>International</td>
<td>Stage4: FP submitted</td>
<td>N/A</td>
<td>No</td>
<td>No</td>
<td>No</td>
<td></td>
</tr>
<tr>
<td>42 Climate-Related Natural Disasters Project</td>
<td>Latin America and the Caribbean</td>
<td>Adaptation</td>
<td>Grant</td>
<td>15.4</td>
<td>32.7</td>
<td>48.1</td>
<td>Direct beneficiaries: 72,838</td>
<td>International</td>
<td>Stage4: FP submitted</td>
<td>Yes</td>
<td>Yes</td>
<td>No</td>
<td>No</td>
<td></td>
</tr>
<tr>
<td>43 Agriculture and food security project</td>
<td>Latin America and the Caribbean</td>
<td>TBC</td>
<td>TBC</td>
<td>TBC</td>
<td>TBC</td>
<td>TBC</td>
<td>Direct beneficiaries: 72,838</td>
<td>International</td>
<td>Stage2: Generation of FP</td>
<td>No</td>
<td>No</td>
<td>N/A</td>
<td>No</td>
<td></td>
</tr>
<tr>
<td>44 Private sector REDD-plus</td>
<td>Latin America and the Caribbean</td>
<td>Cross-cutting</td>
<td>Grant, equity, loans</td>
<td>100</td>
<td>200</td>
<td>300</td>
<td>Direct beneficiaries: 72,838</td>
<td>International</td>
<td>Stage2: Generation of FP</td>
<td>No</td>
<td>No</td>
<td>N/A</td>
<td>No</td>
<td></td>
</tr>
<tr>
<td>45 REDD-plus bonds</td>
<td>Latin America and the Caribbean</td>
<td>Cross-cutting</td>
<td>Grant, equity, loans</td>
<td>150</td>
<td>650</td>
<td>800</td>
<td>Direct beneficiaries: 72,838</td>
<td>International</td>
<td>Stage2: Generation of FP</td>
<td>No</td>
<td>No</td>
<td>N/A</td>
<td>No</td>
<td></td>
</tr>
</tbody>
</table>
### Appendix IV: Results Framework

#### Outcome

**OUTCOME**

On-time execution of the delivery of the GCF Strategic and Board Work Plan 2018 is supported by the Secretariat Work Programme 2018

**Assumptions:**
1. Geo-political and economic circumstances are not unfavourable to GCF’s mandate.
2. Continued strong Board support to the Fund.

<table>
<thead>
<tr>
<th>Phase</th>
<th>Baseline (Sept 2017)</th>
<th>Target (Dec 2018)</th>
<th>Means of Verification</th>
</tr>
</thead>
<tbody>
<tr>
<td>Planned</td>
<td>Number and volume of approvals</td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>a) Number of Direct Access Entities: 27 (50% of all entities)</td>
<td>a) Number of Direct Access Entities: At least 50% of all entities (10-20 additional)</td>
<td>1. Progress report on the implementation of the readiness and preparatory support program</td>
</tr>
<tr>
<td></td>
<td>b) Total GCF funding proposals approved (as of B.17): USD 2.25 billion (cumul)</td>
<td>b) Total GCF funding proposals approved: USD 2.2-2.8 billion</td>
<td>2. Status report on the PPF requests received as part of the activities of the Secretariat report</td>
</tr>
</tbody>
</table>
| | i. Public Sector: USD 1.05 billion (cumul)  
ii. Private Sector: USD 1.2 billion (cumul) | i. Public Sector: USD 1.0-1.3 billion  
ii. Private Sector: USD 1.2-1.5 billion | 3. Compilation of Country and Entity Work Programs |
| | c) Volume of PPF funding: USD 2.7 million (approved/endorsed) | c) Volume of PPF funding: USD 14-15 million | 4. Report of the PMU |
| | d) Volume of adaptation planning funding: USD 23 million (approved/endorsed) | d) Volume of adaptation planning funding: USD 100 million | 5. Reports on the status of Accreditation Master Agreements (AMAs) at each Board meeting |
| | e) Volume of readiness support (excluding adaptation planning funding): USD 39.5 million | e) Volume of readiness support (excluding adaptation planning funding): USD 30-40 million | |
| | f) Private sector MSME pilot program funding (B.17): USD 32.2 million | f) Private sector MSME II: USD 80-100 million  
Private sector MFS: USD 450-500 million | |
| | g) Adaptation portfolio balance in line with the decisions on resource allocation (B.17): 80% of the committed GCF funding for adaptation targets LDCs, SIDS, and African States | | |
| | Estimated FTE | Total FTE 250 | |

#### Outcome KPI 1.1

**Key measures of the Strategic Plan Prioritized and implemented**

**Estimated FTE:** Total FTE 250

#### Outcome KPI 1.2

**Work Program and Budget of the Secretariat approved**

<table>
<thead>
<tr>
<th>Phase</th>
<th>Baseline (Sept 2017)</th>
<th>Target (Dec 2018)</th>
<th>Means of Verification</th>
</tr>
</thead>
<tbody>
<tr>
<td>Planned</td>
<td>Work Program and Budget 2017: Approved at B.16</td>
<td>Work Program and Budget 2018: Considered and endorsed by the Board; implemented.</td>
<td>1. Decision related to Work Program and Budget 2018</td>
</tr>
</tbody>
</table>

---

1 This is a tool work in progress.
## Cross Cutting

### Output 1: Outputs from cross-cutting indicators below

<table>
<thead>
<tr>
<th>Output KPI 1.1</th>
<th>Review of concept notes (DMA, PSF, DCP)</th>
<th>Phase</th>
<th>Baseline (Sept 2017)</th>
<th>Target (Dec 2018)</th>
<th>Means of Verification</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Planned</td>
<td></td>
<td>a) Number of CNs reviewed: 109 (in current pipeline; cumul)</td>
<td>a) Number of CNs reviewed: 220-250 (incl. up to 150 related to the GCF pilot programme RFPs) - while promoting use of new CN template</td>
<td>1. Template available on website; concept note work analyzed.</td>
</tr>
<tr>
<td></td>
<td>Estimated FTE</td>
<td></td>
<td></td>
<td></td>
<td>Direct: Part of Output KPI 1.7</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Output KPI 1.2</th>
<th>Enhanced capacity of a targeted group of DAEs and support their development of high-quality DAE proposals and aligned work programmes (DCP, DMA, PSF)</th>
<th>Phase</th>
<th>Baseline (Sept 2017)</th>
<th>Target (Dec 2018)</th>
<th>Means of Verification</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Planned</td>
<td></td>
<td>a) DAEs assisted generally through readiness programme</td>
<td>a) At least 15 DAEs designated for enhanced strategic engagement</td>
<td>1. Review of reports on targeted country work and list of projects for Board’s consideration</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td>b) Number of DAE projects for Board’s consideration: 14, incl. 2 EDA proposals (including those presented at B.18)</td>
<td>b) 8 high-quality DAE projects (incl. 6 EDA proposals)</td>
<td>2. Quality factors to include # of related proposals came from CNs, that were included in country programmes and entity work programmes</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td>c) DAE work programmes in initial iteration</td>
<td>c) DAE work programmes contain related projects and are forward-looking</td>
<td>3. Review of DAE work programmes</td>
</tr>
<tr>
<td></td>
<td>Estimated FTE</td>
<td></td>
<td></td>
<td></td>
<td>Direct: 2</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Output KPI 1.3</th>
<th>IAE engagement initiatives (DCP, DMA, PSF)</th>
<th>Phase</th>
<th>Baseline (Sept 2017)</th>
<th>Target (Dec 2018)</th>
<th>Means of Verification</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Planned</td>
<td></td>
<td>a) General support to all AEs</td>
<td>a) Enhanced engagement with at least 10 IAEs</td>
<td>1. Review of IAE work programmes and related country programmes/projects submissions</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td>b) Low baseline for country programmes</td>
<td>b) Higher alignment to national priorities</td>
<td>2. Mapping of IAE projects and country programmes</td>
</tr>
<tr>
<td></td>
<td>Estimated FTE</td>
<td></td>
<td></td>
<td></td>
<td>3. Enhanced partnership with DAE</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Output KPI 1.4</th>
<th>Country engagement initiative (DCP, DMA, PSF)</th>
<th>Phase</th>
<th>Baseline (Sept 2017)</th>
<th>Target (Dec 2018)</th>
<th>Means of Verification</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Planned</td>
<td></td>
<td>a) Country programme and additional support given to countries that request assistance</td>
<td>a) Enhanced and coordinate engagement with at least 20 countries in 2018</td>
<td>1. Review of country programmes and listed project ideas of countries targeted through the initiative</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td>b) Low number of high-quality country programmes</td>
<td>b) 10 country programmes which are climate-focused and have gone through national consultation processes</td>
<td></td>
</tr>
<tr>
<td></td>
<td>Estimated FTE</td>
<td></td>
<td></td>
<td></td>
<td>Direct: 7</td>
</tr>
</tbody>
</table>

Assumptions:
1. Establishment and implementation of cross-divisional working groups, such as Knowledge Management and ICT Steering Group, Operations Committee, Terms and Conditions Committee
### Output KPI 1.5: Web portal initiative

<table>
<thead>
<tr>
<th>Phase</th>
<th>Baseline (Sept 2017)</th>
<th>Target (Dec 2018)</th>
<th>Means of Verification</th>
</tr>
</thead>
<tbody>
<tr>
<td>Planned</td>
<td>Initial demo to be shared with the Board at B.18</td>
<td>Operation of web portals for all GCF countries and AEs in 2018 enabling them access to up-to-date information</td>
<td>1. Evaluation of project and disbursement data at the end of 2018</td>
</tr>
</tbody>
</table>

**Estimated FTE:** Direct: 3

### Output KPI 1.6: Increased number of approved projects that have negotiated AMAs and FAAs and begin 1st disbursement; Increased total aggregate disbursements on approved projects (PSF, DMA, OGC, ORMC, DSS, DCP)

<table>
<thead>
<tr>
<th>Phase</th>
<th>Baseline (Sept 2017)</th>
<th>Target (Dec 2018)</th>
<th>Means of Verification</th>
</tr>
</thead>
<tbody>
<tr>
<td>Planned</td>
<td>a) Number of proposals with negotiated AMAs and FAAs and begun disbursements: 17</td>
<td>a) 35 out of 45</td>
<td>1. Evaluation of project and disbursement data at the end of 2018</td>
</tr>
<tr>
<td></td>
<td>b) Projected 2017 aggregate disbursement of USD 230m on proposals approved through B.16</td>
<td>b) GCF accumulated aggregate disbursement of USD 750m-837m on proposals approved through B.16</td>
<td></td>
</tr>
</tbody>
</table>

**Estimated FTE:** Direct: 24

### Output KPI 1.7: Review of proposal submissions; Increased number and volume of FPs (DCP, DMA, PSF, OGC, ORMC, DSS)

<table>
<thead>
<tr>
<th>Phase</th>
<th>Baseline (Sept 2017)</th>
<th>Target (Dec 2018)</th>
<th>Means of Verification</th>
</tr>
</thead>
<tbody>
<tr>
<td>Planned</td>
<td>a) Number of FPs sent to and reviewed by the Secretariat: 74 (in current pipeline; cumul)</td>
<td>a) Number of FPs sent to and reviewed by the Secretariat: 185 (cumul)</td>
<td>1. Evaluation of project and disbursement data at the end of 2018</td>
</tr>
<tr>
<td></td>
<td>b) Number of proposals for Board’s approval: 26</td>
<td>b) Number of proposals for Board’s approval: 40-55</td>
<td>2. Analysis of projects approved by the Board in 2018</td>
</tr>
<tr>
<td></td>
<td>c) Volume: USD 1.3b</td>
<td>c) Volume: USD 2.2-2.8b</td>
<td></td>
</tr>
</tbody>
</table>

**Estimated FTE:** Direct: 63

### Output KPI 1.8: Enhanced efficiency in the time for processing PPF requests; Increased number of requests processed and disbursements (DCP, DMA, PSF)

<table>
<thead>
<tr>
<th>Phase</th>
<th>Baseline (Sept 2017)</th>
<th>Target (Dec 2018)</th>
<th>Means of Verification</th>
</tr>
</thead>
<tbody>
<tr>
<td>Planned</td>
<td>a) Processing time of PPF requests: 6 months from PPF submission to disbursement</td>
<td>a) Processing time of PPF requests: 3 months from PPF submission to disbursement</td>
<td>1. Evaluation of PPF data on dates of submission, review process milestones, and disbursement</td>
</tr>
<tr>
<td></td>
<td>b) Number of PPF requests: 3 requests approved/endorsed</td>
<td>b) Number of PPF requests: 30-40 approved/endorsed</td>
<td>2. Evaluation of numbers of approvals and disbursements</td>
</tr>
<tr>
<td></td>
<td>c) Volume of PPF requests: USD 2.7m approved/endorsed</td>
<td>c) Volume of PPF requests: USD 14-15 million approved/endorsed</td>
<td></td>
</tr>
</tbody>
</table>

**Estimated FTE:** Direct: 3
### Output KPI 1.9

**Complementarity and coherence framework**  
*OSB, DMA, PSF, CPD*

<table>
<thead>
<tr>
<th>Phase</th>
<th>Baseline (Sept 2017)</th>
<th>Target (Dec 2018)</th>
<th>Means of Verification</th>
</tr>
</thead>
</table>
| Planned | a) Number of countries engaged in promoting coherence amongst climate finance delivery channels at the national programming level: 0 | a) 10 | 1. Report on progress made and outputs from the operational framework on complementarity and coherence.  
2. Outcomes and updates related to complementarity and coherence in the report of the COP to UNFCCC. |
| | b) Number of CNs and FPs with consideration of complementarity with other climate finance: 0 | b) 10 |
| | c) Number of country-driven readiness and other preparatory support requests with consideration of complementarity with other climate finance delivery channels: 0 | c) 10 |

**Estimated FTE**  
*Direct: 3*

### Output KPI 1.10

**Policy support to the Board**  
*Dependant on policy being considered*

<table>
<thead>
<tr>
<th>Phase</th>
<th>Baseline (Sept 2017)</th>
<th>Target (Dec 2018)</th>
<th>Means of Verification</th>
</tr>
</thead>
</table>
| Planned | Over 40 policy documents requested in 2017 Board work plan; Over 55 policy documents expected in 2018 Board work plan; Limited number of Secretariat papers produce Board decisions | Provide priority policy documents at least 3 weeks before each BM; Support the Board in document prioritization; Increase percentage of work prior to BM to enhance understanding of the related proposed actions in order to increase the percentage of documents generating Board decisions. | 1. Discussions with Co-Chairs team on support given.  
2. Monitoring the number of policy documents prepared, sent to the Co-Chairs, sent to the Board, and the number that generate Board decisions. |

**Estimated FTE**  
*Direct: 2*
## Office of the Executive Director / Deputy ED

**OUTPUT 2: Optimized ability of the Secretariat to carry out its responsibilities; Prepare communications strategy that supports enhancing GCF’s global profile and expanding its number of partners, supporting greater information sharing with its stakeholders, and positioning the GCF to support replenishment discussion.**

### Assumptions:
1. Board endorses proposed structural changes
2. Work moves forward on existing terms of reference for a communications strategy

### Output KPI 2.1  Implement changes to the Secretariat’s structure

<table>
<thead>
<tr>
<th>Phase</th>
<th>Baseline (Sept 2017)</th>
<th>Target (Dec 2018)</th>
<th>Means of Verification</th>
</tr>
</thead>
<tbody>
<tr>
<td>Planned</td>
<td>Secretariat structure in existence before B.18</td>
<td>New Deputy Executive Director hired; OSB renamed and provided with enhanced capacity; External Affairs Division established.</td>
<td>1. Evaluation of Secretariat structure at the end of 2018</td>
</tr>
</tbody>
</table>

*Estimated FTE*: Direct: 6

### Division of External Affairs (pending decision on structure)

<table>
<thead>
<tr>
<th>Phase</th>
<th>Baseline (Sept 2017)</th>
<th>Target (Dec 2018)</th>
<th>Means of Verification</th>
</tr>
</thead>
<tbody>
<tr>
<td>Planned</td>
<td>Board approved ToR for a communications strategy at B.04, deferred in decisions 12/16 and 13/25. Initial objectives established in 13/25 pending preparation of a strategy</td>
<td>Strategy to be prepared by mid-2018</td>
<td>1. Communications strategy available for review by mid-2018</td>
</tr>
</tbody>
</table>

*Estimated FTE*: Direct: 10
### Governance Affairs (prev. Office of the Secretary to the Board)

#### Assumptions (cross-cutting):
- Complementarity & coherence framework:
  1. Development of a methodology for considering complementarity in CNs and FPs and readiness requests, including proposals coming through the PPF
  2. Development of approach within country ownership guidelines to promote coherence at the national programming level
  3. Continued interest in pursuing complementarity and coherence with the GCF from other climate finance delivery channels
- Policy support to the Board:
  1. The provisional agenda for Board meetings is cleared with sufficient time for the Secretariat to develop respective documentation
  2. The Secretariat is able to issue documents for Board meetings once they are deemed to be ready

#### Relevant cross-cutting KPI

<table>
<thead>
<tr>
<th>Output KPI</th>
<th>Planned</th>
<th>Direct: 3</th>
<th>Target (Dec 2018)</th>
<th>Means of Verification</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Complementarity and coherence framework</strong> (OSB, DMA, PSF, CPD)</td>
<td>a) Number of countries engaged in promoting coherence amongst climate finance delivery channels at the national programming level: 0</td>
<td>a) 10</td>
<td>1. Report on progress made and outputs from the operational framework on complementarity and coherence</td>
<td>2. Outcomes and updates related to complementarity and coherence in the report of the CDP to UNFCCC</td>
</tr>
<tr>
<td></td>
<td>b) Number of CNs and FPs with consideration of complementarity with other climate finance: 0</td>
<td>b) 10</td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>c) Number of country-driven readiness and other preparatory support requests with consideration of complementarity with other climate finance delivery channels: 0</td>
<td>c) 10</td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Estimated FTE</strong></td>
<td>Direct: 3</td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Output KPI</th>
<th>Planned</th>
<th>Direct: 2</th>
<th>Target (Dec 2018)</th>
<th>Means of Verification</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Policy support to the Board</strong> (Dependant on policy being considered)</td>
<td>Over 40 policy documents requested in 2017 Board work plan; Over 55 policy documents expected in 2018 Board work plan; Limited number of Secretariat papers produce Board decisions</td>
<td>Provide priority policy documents at least 3 weeks before each BM; Support the Board in document prioritization; Increase percentage of work prior to 8M to enhance understanding of the related proposed actions in order to increase the percentage of documents generating Board decisions.</td>
<td>1. Discussions with Co-Chairs team on support given</td>
<td>2. Monitoring the number of policy documents prepared, sent to the Co-Chairs, sent to the Board, and the number that generate Board decisions</td>
</tr>
<tr>
<td><strong>Estimated FTE</strong></td>
<td>Direct: 2</td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>
### Output KPI 4.1: Privileges and immunities

**Phase**

<table>
<thead>
<tr>
<th>Planned</th>
<th>Target (Dec 2018)</th>
<th>Means of Verification</th>
</tr>
</thead>
<tbody>
<tr>
<td>Number of P&amp;Is: 12</td>
<td>Number of P&amp;Is: 16</td>
<td>1. P&amp;I agreements on 31/12/2018</td>
</tr>
</tbody>
</table>

**Estimated FTE**

Direct: 5

**Assumptions:**

1. National-specific approval requirements and circumstances carefully considered and taken into account
2. Agreements focus only on the core requirements essential for the effective performance of the functions of GCF and the operationalization of its activities

### Output KPI 1.6: Increased number of approved projects that have negotiated AMAs and FAAs and begin 1st disbursement; Increased total aggregate disbursements on approved projects (PSF, DMA, OGC, ORMC, DSS, DCP)

**Phase**

<table>
<thead>
<tr>
<th>Planned</th>
<th>Target (Dec 2018)</th>
<th>Means of Verification</th>
</tr>
</thead>
<tbody>
<tr>
<td>a) Number of proposals with negotiated AMAs and FAAs and begun disbursements: 17</td>
<td>a) 35 out of 45</td>
<td></td>
</tr>
<tr>
<td>b) Projected 2017 aggregate disbursement of USD 230m on proposals approved through B.16</td>
<td>b) GCF accumulated aggregate disbursement of USD 750m-837m on proposals approved through B.16</td>
<td></td>
</tr>
</tbody>
</table>

**Estimated FTE**

Direct: 24

### Output KPI 1.7: Review of proposal submissions; Increased number and volume of FPs (DCP, DMA, PSF, OGC, ORMC, DSS)

**Phase**

<table>
<thead>
<tr>
<th>Planned</th>
<th>Target (Dec 2018)</th>
<th>Means of Verification</th>
</tr>
</thead>
<tbody>
<tr>
<td>a) Number of FPs sent to and reviewed by the Secretariat: 74 (in current pipeline; cumul)</td>
<td>a) Number of FPs sent to and reviewed by the Secretariat: 185 (cumul)</td>
<td></td>
</tr>
<tr>
<td>b) Number of proposals for Board’s approval: 26</td>
<td>b) Number of proposals for Board’s approval: 40-55</td>
<td></td>
</tr>
<tr>
<td>c) Volume: USD1.3b</td>
<td>c) Volume: USD2.2-2.8b</td>
<td></td>
</tr>
</tbody>
</table>

**Estimated FTE**

Direct: 63

### Output KPI 1.10: Policy support to the Board (Dependant on policy being considered)

**Phase**

<table>
<thead>
<tr>
<th>Planned</th>
<th>Target (Dec 2018)</th>
<th>Means of Verification</th>
</tr>
</thead>
<tbody>
<tr>
<td>Over 40 policy documents requested in 2017 Board work plan; Over 55 policy documents expected in 2018 Board work plan; Limited number of Secretariat papers produce Board decisions</td>
<td>Provide priority policy documents at least 3 weeks before each BM; Support the Board in document prioritization; Increase percentage of work prior to BM to enhance understanding of the related proposed actions in order to increase the percentage of documents generating Board decisions.</td>
<td></td>
</tr>
</tbody>
</table>

**Estimated FTE**

Direct: 2
### Risk Management & Compliance

**Output 5: Initiate implementation of Risk Management Framework and development/implementation of Compliance Framework; cross-cutting KPIs**

**Assumptions:**
1. Policies presented to the Board for consideration and approval, as well as implementation schedule roll out as planned

<table>
<thead>
<tr>
<th>Output KPI 5.1</th>
<th>Phase</th>
<th>Baseline (Sept 2017)</th>
<th>Target (Dec 2018)</th>
<th>Means of Verification</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td></td>
<td>Non-financial Risk Policy, Funding Risk Policy, Investment Risk Policy, grant equiv. calculator (for info) to be presented at B.18</td>
<td>Deliver risk rating process at B.19</td>
<td>2. Quarterly reporting of risk dashboard</td>
</tr>
<tr>
<td>Estimated FTE</td>
<td>Direct: 5.5</td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Output KPI 5.2</th>
<th>Phase</th>
<th>Baseline (Sept 2017)</th>
<th>Target (Dec 2018)</th>
<th>Means of Verification</th>
</tr>
</thead>
<tbody>
<tr>
<td>Compliance Framework</td>
<td>Planned</td>
<td>Development and implementation of compliance operating model</td>
<td></td>
<td>1. Progress report and/or related policy documents on AML and CFT</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Development and implementation of key compliance policies [i.e. AML &amp; CFT Policy] and its standards</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Estimated FTE</td>
<td>Direct: 5.5</td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

**Relevant cross-cutting KPI**

<table>
<thead>
<tr>
<th>Output KPI 1.6</th>
<th>Phase</th>
<th>Baseline (Sept 2017)</th>
<th>Target (Dec 2018)</th>
<th>Means of Verification</th>
</tr>
</thead>
<tbody>
<tr>
<td>Increased number of approved projects that have negotiated AMAs and FAAs and begin 1st disbursement; Increased total aggregate disbursements on approved projects (PSF, DMA, OGC, ORMC, DSS, DCP)</td>
<td>Planned</td>
<td>a) Number of proposals with negotiated AMAs and FAAs and begun disbursements: 17</td>
<td>a) 35 out of 45</td>
<td>1. Evaluation of project and disbursement data at the end of 2018</td>
</tr>
<tr>
<td></td>
<td></td>
<td>b) Projected 2017 aggregate disbursement of USD 230m on proposals approved through B.16</td>
<td>b) GCF accumulated aggregate disbursement of USD 750m-837m on proposals approved through B.16</td>
<td></td>
</tr>
<tr>
<td>Estimated FTE</td>
<td>Direct: 24</td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>
### Output KPI 1.7

**Review of proposal submissions; Increased number and volume of FPs (DCP, DMA, PSF, GGC, ORMC, DSS)**

<table>
<thead>
<tr>
<th>Phase</th>
<th>Baseline (Sept 2017)</th>
<th>Target (Dec 2018)</th>
<th>Means of Verification</th>
</tr>
</thead>
<tbody>
<tr>
<td>Planned</td>
<td>a) Number of FPs sent to and reviewed by the Secretariat: 74 (in current pipeline; cumul)</td>
<td>a) Number of FPs sent to and reviewed by the Secretariat: 185 (cumul)</td>
<td>1. Evaluation of project and disbursement data at the end of 2018</td>
</tr>
<tr>
<td></td>
<td>b) Number of proposals for Board’s approval: 26</td>
<td>b) Number of proposals for Board’s approval: 40-55</td>
<td>2. Analysis of projects approved by the Board in 2018</td>
</tr>
<tr>
<td></td>
<td>c) Volume: USD1.3b</td>
<td>c) Volume: USD2.2-2.8b</td>
<td></td>
</tr>
</tbody>
</table>

**Estimated FTE**
- Direct: 63

### Output KPI 1.10

**Policy support to the Board (Dependant on policy being considered)**

<table>
<thead>
<tr>
<th>Phase</th>
<th>Baseline (Sept 2017)</th>
<th>Target (Dec 2018)</th>
<th>Means of Verification</th>
</tr>
</thead>
<tbody>
<tr>
<td>Planned</td>
<td>Over 40 policy documents requested in 2017 Board work plan; Over 55 policy documents expected in 2018 Board work plan; Limited number of Secretariat papers produce Board decisions</td>
<td>Provide priority policy documents at least 3 weeks before each BM; Support the Board in document prioritization; Increase percentaged of work prior to BM to enhance understanding of the related proposed actions in order to increase the percentage of documents generating Board decisions.</td>
<td>1. Discussions with Co-Chairs team on support given</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td>2. Monitoring the number of policy documents prepared, sent to the Co-Chairs, sent to the Board, and the number that generate Board decisions</td>
</tr>
</tbody>
</table>

**Estimated FTE**
- Direct: 2

### Internal Audit

**Output 6: Perform internal audits to ensure compliance to international standards and support Secretariat efforts to continuously improve its operations**

**Assumptions:** Approved audit plan rolled out as planned.

<table>
<thead>
<tr>
<th>Phase</th>
<th>Baseline (Sept 2017)</th>
<th>Target (Dec 2018)</th>
<th>Means of Verification</th>
</tr>
</thead>
<tbody>
<tr>
<td>Planned</td>
<td>Number of audits conducted: 3 (5-6 expected by end of 2017)</td>
<td>Number of audits conducted: 5-6 within the Secretariat</td>
<td>1. Internal Audit reports</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Establish arrangements for getting assurance on projects funded by the GCF</td>
<td>2. Progress updates to the Board’s Ethics and Audit Committee</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Completion of Audit Manual</td>
<td>3. Updates to three-year internal audit plan</td>
</tr>
</tbody>
</table>

**Estimated FTE**
- Direct: 3
### Division of Country Programming

**OUTPUT 7: Increased NDA capacity; increased collaboration between NDAs, Secretariat, and AEs (incl. the private sector); adding new AEs with priority being given to applicants as directed by the Board; cross-cutting KPIs**

**Assumptions:**
1. Active participation from NDAs and AEs
2. Part of output on accreditation of AEs dependent on consensus on review process

#### Output KPI 7.1
Regional or multi-country dialogues / support NDA-led country dialogues

<table>
<thead>
<tr>
<th>Phase</th>
<th>Baseline (Sept 2017)</th>
<th>Target (Dec 2018)</th>
<th>Means of Verification</th>
</tr>
</thead>
<tbody>
<tr>
<td>Planned</td>
<td>a) Number of regional/multi-country dialogues: 5</td>
<td>a) Number of regional/multi-country dialogues: 8</td>
<td>1. Numbers of dialogues reported; reports from dialogues reviewed</td>
</tr>
<tr>
<td></td>
<td>b) Number of NDA-led dialogues supported by GCF presence: 10</td>
<td>b) Number of NDA-led dialogues supported by GCF presence: 20-30</td>
<td>2. Country programme briefs and AE workplans reviewed</td>
</tr>
</tbody>
</table>

**Estimated FTE** Direct: 7

#### Output KPI 7.2
Accreditation of new AEs, including DAEs

<table>
<thead>
<tr>
<th>Phase</th>
<th>Baseline (Sept 2017)</th>
<th>Target (Dec 2018)</th>
<th>Means of Verification</th>
</tr>
</thead>
<tbody>
<tr>
<td>Planned</td>
<td>Number of AEs: 54 (cumulative; 50% DAE)</td>
<td>Number of AEs: 20 additional (30-40 additional depending on reforms) with 50% DAE</td>
<td>1. Numbers of AEs accredited in the year</td>
</tr>
</tbody>
</table>

**Estimated FTE** Direct: 4.5

#### Relevant cross-cutting KPI

**Output KPI 1.1**
Review of concept notes (DMA, PSF, DCP)

<table>
<thead>
<tr>
<th>Phase</th>
<th>Baseline (Sept 2017)</th>
<th>Target (Dec 2018)</th>
<th>Means of Verification</th>
</tr>
</thead>
<tbody>
<tr>
<td>Planned</td>
<td>a) Number of CNs reviewed: 109 (in current pipeline; cumul)</td>
<td>a) Number of CNs reviewed: 220-250 (incl. up to 150 related to the GCF pilot programme RFPs) - while</td>
<td>1. Template available on website; concept note work analyzed.</td>
</tr>
</tbody>
</table>

**Estimated FTE** Direct: Part of Output KPI 1.7

**Output KPI 1.2**
Enhanced capacity of a targeted group of DAEs and support their development of high-quality DAE proposals and aligned work programmes (DCP, DMA, PSF)

<table>
<thead>
<tr>
<th>Phase</th>
<th>Baseline (Sept 2017)</th>
<th>Target (Dec 2018)</th>
<th>Means of Verification</th>
</tr>
</thead>
<tbody>
<tr>
<td>Planned</td>
<td>a) DAEs assisted generally through readiness programme</td>
<td>a) At least 15 DAEs designated for enhanced strategic engagement</td>
<td>1. Review of reports on targeted country work and list of projects for Board’s consideration</td>
</tr>
<tr>
<td></td>
<td>b) Number of DAE projects for Board’s consideration: 14, incl. 2 EDA proposals (including those presented at B.18)</td>
<td>b) 8 high-quality DAE projects (incl. 6 EDA proposals)</td>
<td>2. Quality factors to include # of related proposals came from CNs, that were included in country programmes and entity work programmes</td>
</tr>
<tr>
<td></td>
<td>c) DAE work programmes in initial iteration</td>
<td>c) DAE work programmes contain related projects and are forward-looking</td>
<td>3. Review of DAE work programmes</td>
</tr>
<tr>
<td></td>
<td>d) DAE work programmes contain related projects and are forward-looking</td>
<td>d) DAE work programmes contain related projects and are forward-looking</td>
<td>4. Ratio of Board submissions reviewed by the Secretariat</td>
</tr>
</tbody>
</table>

**Estimated FTE** Direct: 2
<table>
<thead>
<tr>
<th>Output KPI 1.3</th>
<th>IAE engagement initiatives (DCP, DMA, PSF)</th>
<th>Phase</th>
<th>Baseline (Sept 2017)</th>
<th>Target (Dec 2018)</th>
<th>Means of Verification</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Planned</td>
<td></td>
<td>a) General support to all AEs</td>
<td>a) Enhanced engagement with at least 10 IAEs</td>
<td>1. Review of IAE work programmes and related country programmes/projects submissions</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td>b) Low baseline for country programmes</td>
<td>b) Higher alignment to national priorities</td>
<td>2. Mapping of IAE projects and country programmes</td>
</tr>
<tr>
<td>Estimated FTE</td>
<td>Direct: 4.5</td>
<td></td>
<td></td>
<td></td>
<td>3. Enhanced partnership with DAE</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Output KPI 1.4</th>
<th>Country engagement initiative (DCP, DMA, PSF)</th>
<th>Phase</th>
<th>Baseline (Sept 2017)</th>
<th>Target (Dec 2018)</th>
<th>Means of Verification</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Planned</td>
<td></td>
<td>a) Country programme and additional support given to countries that request assistance</td>
<td>a) Enhanced and coordinate engagement with at least 20 countries in 2018</td>
<td>1. Review of country programmes and listed project ideas of countries targeted through the initiative</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td>b) Low number of high-quality country programmes</td>
<td>b) 10 country programmes which are climate-focused and have gone through national consultation processes</td>
<td></td>
</tr>
<tr>
<td>Estimated FTE</td>
<td>Direct: 7</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Output KPI 1.5</th>
<th>Web portal initiative (DCP, DMA, PSF, DSS, Communications)</th>
<th>Phase</th>
<th>Baseline (Sept 2017)</th>
<th>Target (Dec 2018)</th>
<th>Means of Verification</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Planned</td>
<td></td>
<td>Initial demo to be shared with the Board at B.18</td>
<td>Operation of web portals for all GCF countries and AEs in 2018 enabling them access to up-to-date information</td>
<td>1. Review of numbers and content of web portals on 31/12/2018</td>
</tr>
<tr>
<td>Estimated FTE</td>
<td>Direct: 3</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Output KPI 1.6</th>
<th>Increased number of approved projects that have negotiated AMAs and FAAs and begin 1st disbursement; Increased total aggregate disbursements on approved projects (PSF, DMA, OGC, ORMC, DSS, DTP)</th>
<th>Phase</th>
<th>Baseline (Sept 2017)</th>
<th>Target (Dec 2018)</th>
<th>Means of Verification</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Planned</td>
<td></td>
<td>a) Number of proposals with negotiated AMAs and FAAs and begun disbursements: 17</td>
<td>a) 35 out of 45</td>
<td>1. Evaluation of project and disbursement data at the end of 2018</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td>b) Projected 2017 aggregate disbursement of USD 720m on proposals approved through B.16</td>
<td>b) GCF accumulated aggregate disbursement of USD 750m-837m on proposals approved through B.16</td>
<td></td>
</tr>
<tr>
<td>Estimated FTE</td>
<td>Direct: 24</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Output KPI 1.7</th>
<th>Review of proposal submissions; Increased number and volume of FPs (DCP, DMA, PSF, OGC, ORMC, DSS)</th>
<th>Phase</th>
<th>Baseline (Sept 2017)</th>
<th>Target (Dec 2018)</th>
<th>Means of Verification</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Planned</td>
<td></td>
<td>a) Number of FPs sent to and reviewed by the Secretariat: 74 (in current pipeline; cumul)</td>
<td>a) Number of FPs sent to and reviewed by the Secretariat: 185 (cumul)</td>
<td>1. Evaluation of project and disbursement data at the end of 2018</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td>b) Number of proposals for Board’s approval: 26</td>
<td>b) Number of proposals for Board’s approval: 40-55</td>
<td>2. Analysis of projects approved by the Board in 2018</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td>c) Volume: USD1.3b</td>
<td>c) Volume: USD2.2-2.8b</td>
<td></td>
</tr>
<tr>
<td>Estimated FTE</td>
<td>Direct: 63</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Output KPI 1.8</td>
<td>Enhanced efficiency in the time for processing PPF requests; increased number of requests processed and disbursements (DCP, DMA, PSF)</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>--------------------------------------------------</td>
<td>-------------------------------------------------------------------------------------------------------------------------------------</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Phase</td>
<td>Planned</td>
<td>Target (Dec 2018)</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Phase</td>
<td>a) Processing time of PPF requests: 6 months from PPF submission to disbursement</td>
<td>a) Processing time of PPF requests: 3 months from PPF submission to disbursement</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>b) Number of PPF requests: 3 requests approved/endorsed</td>
<td>b) Number of PPF requests: 30-40 approved/endorsed</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>c) Volume of PPF requests: USD 2.7 m approved/endorsed</td>
<td>c) Volume of PPF requests: USD 14-15 million approved/endorsed</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Planned</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Estimated FTE</td>
<td>Direct: 3</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

| Phase                                            | Planned                                                                                                                             | Target (Dec 2018)                                                                |
| Phase                                            | a) Number of countries engaged in promoting coherence amongst climate finance delivery channels at the national programming level: 0 |                                                                                   |
|                                                   | b) Number of CNs and FPs with consideration of complementarity with other climate finance: 0                                      |                                                                                   |
|                                                   | c) Number of country-driven readiness and other preparatory support requests with consideration of complementarity with other climate finance delivery channels: 0 |                                                                                   |
| Estimated FTE                                    | Direct: 3                                                                                                                           |                                                                                   |

<table>
<thead>
<tr>
<th>Output KPI 1.9</th>
<th>Complementarity and coherence framework (OSB, DMA, PSF, CPD)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Phase</td>
<td>Planned</td>
</tr>
<tr>
<td>Phase</td>
<td>a) Number of countries engaged in promoting coherence amongst climate finance delivery channels at the national programming level: 0</td>
</tr>
<tr>
<td></td>
<td>b) Number of CNs and FPs with consideration of complementarity with other climate finance: 0</td>
</tr>
<tr>
<td></td>
<td>c) Number of country-driven readiness and other preparatory support requests with consideration of complementarity with other climate finance delivery channels: 0</td>
</tr>
<tr>
<td>Planned</td>
<td></td>
</tr>
<tr>
<td>Estimated FTE</td>
<td>Direct: 3</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Output KPI 1.10</th>
<th>Policy support to the Board (Dependant on policy being considered)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Phase</td>
<td>Planned</td>
</tr>
<tr>
<td>Phase</td>
<td>a) Over 40 policy documents requested in 2017 Board work plan; Over 55 policy documents expected in 2018 Board work plan; Limited number of Secretariat papers produce Board decisions</td>
</tr>
<tr>
<td>Planned</td>
<td></td>
</tr>
<tr>
<td>Estimated FTE</td>
<td>Direct: 2</td>
</tr>
</tbody>
</table>
## Division of Mitigation and Adaptation

### Output B.1: Improved IA understanding of GCF goals; Improved project quality; cross-cutting KPIs

### Assumptions:
- 1. Board decisions approved as needed

---

### Output KPI 8.1: Results area guidance

<table>
<thead>
<tr>
<th>Phase</th>
<th>Baseline (Sept 2017)</th>
<th>Target (Dec 2018)</th>
<th>Means of Verification</th>
</tr>
</thead>
<tbody>
<tr>
<td>Planned</td>
<td>Initial/incomplete investment/results management framework; Scattered information on projects types that align with Board frameworks and transformative goals</td>
<td>Production of initial sectoral/results area guidance in all 8 results areas providing direction on project alignment with GCF results frameworks and transformative goals</td>
<td>1. Initial results area guidance on website</td>
</tr>
</tbody>
</table>

### Estimated FTE: Direct: 4

---

### Relevant cross-cutting KPI

### Output KPI 1.1: Review of concept notes (DMA, PSF, DCP)

<table>
<thead>
<tr>
<th>Phase</th>
<th>Baseline (Sept 2017)</th>
<th>Target (Dec 2018)</th>
<th>Means of Verification</th>
</tr>
</thead>
<tbody>
<tr>
<td>Planned</td>
<td>a) Number of CNs reviewed: 109 (in current pipeline; cumul)</td>
<td>a) Number of CNs reviewed: 220-250 (incl. up to 150 related to the GCF pilot programme RFPs) - while promoting use of new CN template</td>
<td>1. Template available on website; concept note work analyzed.</td>
</tr>
</tbody>
</table>

### Estimated FTE: Direct: Part of Output KPI 1.7

---

### Output KPI 1.2: Enhanced capacity of a targeted group of DAEs and support their development of high-quality DAE proposals and aligned work programmes (DCP, DMA, PSF)

<table>
<thead>
<tr>
<th>Phase</th>
<th>Baseline (Sept 2017)</th>
<th>Target (Dec 2018)</th>
<th>Means of Verification</th>
</tr>
</thead>
<tbody>
<tr>
<td>Planned</td>
<td>a) DAEs assisted generally through readiness programme</td>
<td>a) At least 15 DAEs designated for enhanced strategic engagement</td>
<td>1. Review of reports on targeted country work and list of projects for Board’s consideration</td>
</tr>
<tr>
<td></td>
<td>b) Number of DAE projects for Board’s consideration: 14, incl. 2 EDA proposals (including those presented at B.18)</td>
<td>b) 8 high-quality DAE projects (incl. 6 EDA proposals)</td>
<td>2. Quality factors to include # of related proposals came from CNs, that were included in country programmes and entity work programmes</td>
</tr>
<tr>
<td></td>
<td>c) DAE work programmes in initial iteration</td>
<td>c) DAE work programmes contain related projects and are forward-looking</td>
<td>3. Review of DAE work programmes</td>
</tr>
<tr>
<td></td>
<td>d) DAE work programmes in initial iteration</td>
<td>d) DAE work programmes contain related projects and are forward-looking</td>
<td>4. Ratio of Board submissions reviewed by the Secretariat</td>
</tr>
</tbody>
</table>

### Estimated FTE: Direct: 2

---

### Output KPI 1.3: IAE engagement initiatives (DCP, DMA, PSF)

<table>
<thead>
<tr>
<th>Phase</th>
<th>Baseline (Sept 2017)</th>
<th>Target (Dec 2018)</th>
<th>Means of Verification</th>
</tr>
</thead>
<tbody>
<tr>
<td>Planned</td>
<td>a) General support to all AEs</td>
<td>a) Enhanced engagement with at least 10 IAEs</td>
<td>1. Review of IAE work programmes and related country programmes/projects submissions</td>
</tr>
<tr>
<td></td>
<td>b) Low baseline for country programmes</td>
<td>b) Higher alignment to national priorities</td>
<td>2. Mapping of IAE projects and country programmes</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td>3. Enhanced partnership with DAE</td>
</tr>
</tbody>
</table>

### Estimated FTE: Direct: 4.5
### Output KPI 1.4
**Country engagement initiative**  
**(DCP, DMA, PSF)**

<table>
<thead>
<tr>
<th>Phase</th>
<th>Baseline (Sept 2017)</th>
<th>Target (Dec 2018)</th>
<th>Means of Verification</th>
</tr>
</thead>
</table>
| Planned | a) Country programme and additional support given to countries that request assistance  
          b) Low number of high-quality country programmes | a) Enhanced and coordinate engagement with at least 20 countries in 2018  
          b) 10 country programmes which are climate-focused and have gone through national consultation processes | 1. Review of country programmes and listed project ideas of countries targeted through the initiative |

Estimated FTE: Direct: 7

### Output KPI 1.5
**Web portal initiative**  
**(DCP, DMA, PSF, DSS, Communications)**

<table>
<thead>
<tr>
<th>Phase</th>
<th>Baseline (Sept 2017)</th>
<th>Target (Dec 2018)</th>
<th>Means of Verification</th>
</tr>
</thead>
<tbody>
<tr>
<td>Planned</td>
<td>Initial demo to be shared with the Board at B.18</td>
<td>Operation of web portals for all GCF countries and AEs in 2018 ensuring access to up-to-date information</td>
<td>1. Review of numbers and content of web portals on 31/12/2018</td>
</tr>
</tbody>
</table>

Estimated FTE: Direct: 3

### Output KPI 1.6
**Increased number of approved projects that have negotiated AMAs and FAAs and begin 1st disbursement; Increased total aggregate disbursements on approved projects (PSF, DMA, OGC, ORMC, DSS, DCP)**

<table>
<thead>
<tr>
<th>Phase</th>
<th>Baseline (Sept 2017)</th>
<th>Target (Dec 2018)</th>
<th>Means of Verification</th>
</tr>
</thead>
</table>
| Planned | a) Number of proposals with negotiated AMAs and FAAs and begun disbursements: 17  
          b) Projected 2017 aggregate disbursement of USD 230m on proposals approved through B.16 | a) 35 out of 45  
          b) GCF accumulated aggregate disbursement of USD 750m-837m on proposals approved through B.16 | 1. Evaluation of project and disbursement data at the end of 2018 |

Estimated FTE: Direct: 24

### Output KPI 1.7
**Review of proposal submissions; Increased number and volume of FPs**  
**(DCP, DMA, PSF, OGC, ORMC, DSS)**

<table>
<thead>
<tr>
<th>Phase</th>
<th>Baseline (Sept 2017)</th>
<th>Target (Dec 2018)</th>
<th>Means of Verification</th>
</tr>
</thead>
</table>
| Planned | a) Number of FPs sent to and reviewed by the Secretariat: 74 (in current pipeline; cumul)  
          b) Number of proposals for Board’s approval: 26  
          c) Volume: USD1.3b | a) Number of FPs sent to and reviewed by the Secretariat: 185 (cumul)  
          b) Number of proposals for Board’s approval: 40-55  
          c) Volume: USD2.2-2.8b | 1. Evaluation of project and disbursement data at the end of 2018  
          2. Analysis of projects approved by the Board in 2018 |

Estimated FTE: Direct: 63

### Output KPI 1.8
**Enhanced efficiency in the time for processing PPF requests; Increased number of requests processed and disbursements**  
**(DCP, DMA, PSF)**

<table>
<thead>
<tr>
<th>Phase</th>
<th>Baseline (Sept 2017)</th>
<th>Target (Dec 2018)</th>
<th>Means of Verification</th>
</tr>
</thead>
</table>
| Planned | a) Processing time of PPF requests: 6 months from PPF submission to disbursement  
          b) Number of PPF requests: 3 requests approved/endorsed  
          c) Volume of PPF requests: USD 2.7 m approved/endorsed | a) Processing time of PPF requests: 3 months from PPF submission to disbursement  
          b) Number of PPF requests: 30-40 approved/endorsed  
          c) Volume of PPF requests: USD 14-15 million approved/endorsed | 1. Evaluation of PPF data on dates of submission, review process milestones, and disbursement  
          2. Evaluation of numbers of approvals and disbursements |

Estimated FTE: Direct: 3
### Output KPI 1.9

**Complementarity and coherence framework**

- **Phase:** Baseline (Sept 2017) / Target (Dec 2018)
- **Means of Verification**
  - 1. Report on progress made and outputs from the operational framework on complementarity and coherence
  - 2. Outcomes and updates related to complementarity and coherence in the report of the COP to UNFCCC

**Planned**

- a) Number of countries engaged in promoting coherence amongst climate finance delivery channels at the national programming level: 0
- b) Number of CNs and FPs with consideration of complementarity with other climate finance: 0

**Estimated FTE**

- Direct: 3

### Output KPI 1.10

**Policy support to the Board**

- **Phase:** Baseline (Sept 2017) / Target (Dec 2018)
- **Means of Verification**
  - 1. Discussions with Co-Chairs team on support given
  - 2. Monitoring the number of policy documents prepared, sent to the Co-Chairs, sent to the Board, and the number that generate Board decisions

**Planned**

- a) Number of CNs reviewed: 109 (in current pipeline; cumul)
- b) Number of CNs reviewed: 220-250 (incl. up to 150 related to the GCF pilot programme RFPs) - while promoting use of new CN template

**Estimated FTE**

- Direct: 2

### Relevant cross-cutting KPI

**Output KPI 1.1**

**Review of concept notes**

- **Phase:** Baseline (Sept 2017) / Target (Dec 2018)
- **Means of Verification**
  - 1. Template available on website; concept note work analyzed.

**Planned**

- a) Number of CNs reviewed: 109 (in current pipeline; cumul)

**Estimated FTE**

- Direct: Part of Output KPI 1.7

### Output KPI 1.2

**Enhanced capacity of a targeted group of DAEs and support their development of high-quality DAE proposals and aligned work programmes**

- **Phase:** Baseline (Sept 2017) / Target (Dec 2018)
- **Means of Verification**
  - 1. Review of reports on targeted country work and list of projects for Board’s consideration
  - 2. Quality factors to include 8 of related proposals came from CNs, that were included in country programmes and entity work programmes
  - 3. Review of DAE work programmes
  - 4. Ratio of Board submissions reviewed by the Secretariat

**Planned**

- a) Number of CNs reviewed: 109 (in current pipeline; cumul)
- b) Number of CNs reviewed: 220-250 (incl. up to 150 related to the GCF pilot programme RFPs) - while promoting use of new CN template

**Estimated FTE**

- Direct: 2
<table>
<thead>
<tr>
<th>Output KPI 1.3</th>
<th>IAE engagement initiatives (DCP, DMA, PSF)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Phase</td>
<td>Baseline (Sept 2017)</td>
</tr>
<tr>
<td>Planned</td>
<td>a) General support to all AEs</td>
</tr>
<tr>
<td></td>
<td>b) Low baseline for country programmes</td>
</tr>
<tr>
<td></td>
<td></td>
</tr>
<tr>
<td>Estimated FTE</td>
<td>Direct: 4.5</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Output KPI 1.4</th>
<th>Country engagement initiative (DCP, DMA, PSF)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Phase</td>
<td>Baseline (Sept 2017)</td>
</tr>
<tr>
<td>Planned</td>
<td>a) Country programme and additional support given to countries that request assistance</td>
</tr>
<tr>
<td></td>
<td>b) Low number of high-quality country programmes</td>
</tr>
<tr>
<td>Estimated FTE</td>
<td>Direct: 7</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Output KPI 1.5</th>
<th>Web portal initiative (DCP, DMA, PSF, DSS, Communications)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Phase</td>
<td>Baseline (Sept 2017)</td>
</tr>
<tr>
<td>Planned</td>
<td>Initial demo to be shared with the Board at B.18</td>
</tr>
<tr>
<td>Estimated FTE</td>
<td>Direct: 3</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Output KPI 1.6</th>
<th>Increased number of approved projects that have negotiated AMAs and FAAs and begin 1st disbursement; Increased total aggregate disbursements on approved projects (PSF, DMA, OGC, ORMC, DSS, DCP)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Phase</td>
<td>Baseline (Sept 2017)</td>
</tr>
<tr>
<td>Planned</td>
<td>a) Number of proposals with negotiated AMAs and FAAs and begun disbursements: 17</td>
</tr>
<tr>
<td></td>
<td>b) Projected 2017 aggregate disbursement of USD 230m on proposals approved through B.16</td>
</tr>
<tr>
<td>Estimated FTE</td>
<td>Direct: 24</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Output KPI 1.7</th>
<th>Review of proposal submissions; Increased number and volume of FPs (DCP, DMA, PSF, OGC, ORMC, DSS)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Phase</td>
<td>Baseline (Sept 2017)</td>
</tr>
<tr>
<td>Planned</td>
<td>a) Number of FPs sent to and reviewed by the Secretariat: 74 (in current pipeline; cumul)</td>
</tr>
<tr>
<td></td>
<td>b) Number of proposals for Board's approval: 26</td>
</tr>
<tr>
<td></td>
<td>c) Volume: USD1.3b</td>
</tr>
<tr>
<td>Estimated FTE</td>
<td>Direct: 63</td>
</tr>
<tr>
<td>Output KPI 1.8</td>
<td>Phase</td>
</tr>
<tr>
<td>---------------</td>
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</tbody>
</table>

<table>
<thead>
<tr>
<th>Output KPI 1.9</th>
<th>Phase</th>
<th>Baseline (Sept 2017)</th>
<th>Target (Dec 2018)</th>
<th>Means of Verification</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td></td>
<td>Planned</td>
<td>Planned</td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td>a) Number of countries engaged in promoting coherence amongst climate finance delivery channels at the national programming level: 0</td>
<td>a) 10</td>
<td>1. Report on progress made and outputs from the operational framework on complementarity and coherence</td>
</tr>
<tr>
<td></td>
<td></td>
<td>b) Number of CNs and FPs with consideration of complementarity with other climate finance: 0</td>
<td>b) 10</td>
<td>2. Outcomes and updates related to complementarity and coherence in the report of the COP to UNFCCC</td>
</tr>
<tr>
<td></td>
<td></td>
<td>c) Number of country-driven readiness and other preparatory support requests with consideration of complementarity with other climate finance delivery channels: 0</td>
<td>c) 10</td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td>Estimated FTE Direct: 3</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Output KPI 1.10</th>
<th>Phase</th>
<th>Baseline (Sept 2017)</th>
<th>Target (Dec 2018)</th>
<th>Means of Verification</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td></td>
<td>Planned</td>
<td>Planned</td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td>Over 40 policy documents requested in 2017 Board work plan; Over 55 policy documents expected in 2018 Board work plan; Limited number of Secretariat papers produce Board decisions</td>
<td>Provide priority policy documents at least 3 weeks before each BM; Support the Board in document prioritization; Increase percentaged of work prior to BM to enhance understanding of the related proposed actions in order to increase the percentage of documents generating Board decisions</td>
<td>1. Discussions with Co-Chairs team on support given</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Estimated FTE Direct: 2</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

Enhanced efficiency in the time for processing PPF requests; Increased number of requests processed and disbursements (DCP, DMA, PSF)

Complementarity and coherence framework (OSB, DMA, PSF, CPD)

Policy support to the Board (Dependant on policy being considered)
### Support Services Division

**Output 9:** Meet strategic plan goal of having a "well-staffed Secretariat that can deliver all of its functions as provided in the GI":

Superior efficiencies and impactfulness stemming from smart systems; Support to the Board "to agree on the arrangements for the first formal replenishment process of the GCF"; cross-cutting KPIs

**Assumptions:**
1. Geopolitical environment and economic circumstances continue to be favorable to GCF's mandate and does not negatively affect recruitment trends.
2. Benefiting business units dedicate the required extent of quality personnel and time to the success of the envisioned undertakings.

### Output KPI 9.1 Hiring target

<table>
<thead>
<tr>
<th>Phase</th>
<th>Baseline (Sept 2017)</th>
<th>Target (Dec 2018)</th>
<th>Means of Verification</th>
</tr>
</thead>
<tbody>
<tr>
<td>Planned</td>
<td>a) Staff members 140 (by Oct 2017)</td>
<td>a) Staff members 250</td>
<td>1. Staff members under contract and/or accepted offers of employment verified on 31/12/2018</td>
</tr>
<tr>
<td>Estimated FTE</td>
<td>Direct: 8</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

### Output KPI 9.2 ICT initiatives

<table>
<thead>
<tr>
<th>Phase</th>
<th>Baseline (Sept 2017)</th>
<th>Target (Dec 2018)</th>
<th>Means of Verification</th>
</tr>
</thead>
<tbody>
<tr>
<td>Planned</td>
<td>a) Advanced analytics &amp; KM: 25% of daily work benefiting from data analytics</td>
<td>a) 50%</td>
<td>1. Confirmation by benefiting GCF business unit about extent of need coverage. Eventual complementary assessment by a third party.</td>
</tr>
<tr>
<td></td>
<td>b) Digitisation: 20% BP coverage</td>
<td>b) 40%</td>
<td></td>
</tr>
<tr>
<td></td>
<td>c) Org Performance Management: 10% of desirable information and workflows included</td>
<td>c) 75%</td>
<td></td>
</tr>
<tr>
<td></td>
<td>d) Documents/records handling: 20% of file-based information classified with meta data</td>
<td>d) 75%</td>
<td></td>
</tr>
<tr>
<td></td>
<td>e) HR system: 10% of desirable HR automation</td>
<td>e) 85%</td>
<td></td>
</tr>
<tr>
<td></td>
<td>f) Financial systems: 40% of articulated medium-term needs covered</td>
<td>f) 80%</td>
<td></td>
</tr>
<tr>
<td></td>
<td>g) Board Decisions Tracking Tool: 60% of articulated medium-term needs covered</td>
<td>g) 80%</td>
<td></td>
</tr>
<tr>
<td></td>
<td>h) e-Procurement Portal: 0% of BP integration and workflow automation of medium-term nature</td>
<td>h) 80%</td>
<td></td>
</tr>
<tr>
<td></td>
<td>i) Travel management system: 30% of specified medium-term automation implemented</td>
<td>i) 70%</td>
<td></td>
</tr>
<tr>
<td></td>
<td>j) Relationship management: 20% of relationship mgmt found system, tool, automation support</td>
<td>j) 50%</td>
<td></td>
</tr>
<tr>
<td></td>
<td>k) GRC tools: 30% of systems/tools coverage for medium-term needs</td>
<td>k) 70%</td>
<td></td>
</tr>
<tr>
<td></td>
<td>l) Professional case-handling: 10% of medium-term automation needs of IUs</td>
<td>l) 60%</td>
<td></td>
</tr>
<tr>
<td>Estimated FTE</td>
<td>Direct: 8</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

### Output KPI 9.3 Replenishment

<table>
<thead>
<tr>
<th>Phase</th>
<th>Baseline (Sept 2017)</th>
<th>Target (Dec 2018)</th>
<th>Means of Verification</th>
</tr>
</thead>
<tbody>
<tr>
<td>Planned</td>
<td>Board document &quot;Arrangements for the first formal replenishment of the GCF&quot; presented at B.11 - under consultation</td>
<td>Preparation of communications pieces that can be used to initiate effective replenishment activities when directed by the Board</td>
<td>Evaluation by Co-Chairs team</td>
</tr>
<tr>
<td>Estimated FTE</td>
<td>Direct: 4</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>
### Relevant cross-cutting KPI

<table>
<thead>
<tr>
<th>Output KPI</th>
<th>Description</th>
<th>Phase</th>
<th>Baseline (Sept 2017)</th>
<th>Target (Dec 2018)</th>
<th>Means of Verification</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Output KPI 1.5</strong></td>
<td>Web portal initiative (DCP, DMA, PSF, DSS, Communications)</td>
<td>Planned</td>
<td>Initial demo to be shared with the Board at B.18</td>
<td>Operation of web portals for all GCF countries and AEs in 2018 enabling them access to up-to-date information</td>
<td>1. Review of numbers and content of web portals on 31/12/2018</td>
</tr>
<tr>
<td><strong>Output KPI 1.6</strong></td>
<td>Increased number of approved projects that have negotiated AMAs and FAAs and begin 1st disbursement; Increased total aggregate disbursements on approved projects (PSF, DMA, OGC, ORMC, DSS, DCP)</td>
<td>Planned</td>
<td>a) Number of proposals with negotiated AMAs and FAAs and begun disbursements: 17</td>
<td>a) 35 out of 45</td>
<td>1. Evaluation of project and disbursement data at the end of 2018</td>
</tr>
<tr>
<td><strong>Output KPI 1.7</strong></td>
<td>Review of proposal submissions; Increased number and volume of FPs (DCP, DMA, PSF, OGC, ORMC, DSS)</td>
<td>Planned</td>
<td>a) Number of FPs sent to and reviewed by the Secretariat: 74 (in current pipeline; cumul)</td>
<td>a) Number of FPs sent to and reviewed by the Secretariat: 185 (cumul)</td>
<td>1. Evaluation of project and disbursement data at the end of 2018</td>
</tr>
<tr>
<td><strong>Output KPI 1.10</strong></td>
<td>Policy support to the Board (Dependant on policy being considered)</td>
<td>Planned</td>
<td>Over 40 policy documents requested in 2017 Board work plan; Over 55 policy documents expected in 2018 Board work plan; Limited number of Secretariat papers produce Board decisions</td>
<td>Provide priority policy documents at least 3 weeks before each BM; Support the Board in document prioritization; Increase percentaged of work prior to BM to enhance understanding of the related proposed actions in order to increase the percentage of documents generating Board decisions.</td>
<td>1. Discussions with Co-Chairs team on support given</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Estimated FTE</th>
<th>Direct: 3</th>
</tr>
</thead>
<tbody>
<tr>
<td>Direct: 3</td>
<td></td>
</tr>
<tr>
<td>Direct: 24</td>
<td></td>
</tr>
<tr>
<td>Direct: 63</td>
<td></td>
</tr>
<tr>
<td>Direct: 2</td>
<td></td>
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</tbody>
</table>