

Green Climate Fund

Work Plan of the Board until the End of 2013

GCF/B.02-12/03

11 October 2012

Meeting of the Board

18-20 October 2012

Songdo, Republic of Korea

Agenda item 6

Recommended action of the Board

It is recommended that the Board:

- (a) Adopts the decisions contained in Annex I of document GCF/B.02-12/03;
- (b) Notes the resourcing required for the Interim Secretariat to support the Board's work plan, as set out in paragraphs 27 to 29 of document GCF/B.02-12/03, and reflected in the proposed administrative budget of the Interim Secretariat (contained in document GCF/B.02-12/06).

Work Plan of the Board until the End of 2013

I. Introduction

1. This document sets out the Board's work plan for the period until the end of 2013 (referred to hereinafter as "the work plan"). The work plan provides clarity and transparency about the timing of Board's decisions on strategic and operational policies and procedures that are necessary to operationalize the Fund in a timely manner. In doing so, the Board will build on the provisions contained in the Governing Instrument for the Green Climate Fund and relevant guidance from the Conference of the Parties (COP).
2. The implementation of this work plan would enable the Board to establish the fundamental institutional structure and basic operational policies of the Fund and set the stage for an early and adequate replenishment for the Fund. This document addresses:
 - (a) Options for addressing the Fund's business model (Chapter II);
 - (b) Elements of the work plan (Chapter III);
 - (c) An indicative timeline for consideration by the Board of decisions on the elements of the work plan (Chapter IV); and
 - (d) Resources required for the Interim Secretariat to support the Board in implementing the work plan (Chapter V).

II. Business model of the Fund

3. The Governing Instrument defines a number of aspects of the Fund's business model, including that the Fund will:
 - (a) Become the main global fund for climate change finance in channelling adequate financial resources to developing countries and catalysing climate finance, both public and private, and at the international and national levels;
 - (b) Ensure country-driven programming of activities and linkages with country planning processes;
 - (c) Be scalable and flexible and a continuously learning institution;
 - (d) Have thematic windows, substructures and facilities, as appropriate;
 - (e) Initial funding windows for mitigation and adaptation;
 - (f) Private sector facility to enable the Fund to directly and indirectly finance private sector mitigation and adaptation activities;
 - (g) Provide access to resources through sub-national, national, regional and international implementing entities;
 - (h) Promote coherence in programming at the national level through appropriate mechanisms;
 - (i) Operate in the context of appropriate arrangements between itself and other existing funds, entities and channels of climate change financing.
4. There are a number of other parameters regarding the scope and functions of the Fund that the Board needs to decide upon in order to elaborate the Fund's business model. These

include:

- (a) How the Fund is structured and organized;
- (b) How the Fund will mobilize resources, whether it will undertake its own resource raising activities and from whom the Fund will accept contributions and in what form;
- (c) The types of financial instruments the Fund will employ;
- (d) How the Fund will balance adaptation and mitigation funding and how it will allocate its resources across sectors, countries and programmes;
- (e) How the Fund will leverage private sector finance; and
- (f) How the programme and project funding cycle will be organized.

5. A key consideration for the Board is how to approach decisions on these additional parameters. One option would be for the Board to take in-principle decisions on key parameters upfront, for example, at its third meeting. However, it may be difficult for the Board to reach agreement on the full range of matters without first considering them in detail and in context. There is a risk that attempting to agree on these additional parameters upfront would delay the rest of the Board's work under its work plan and therefore the operationalization of the Fund.

6. It is instead recommended that the Board agrees to take decisions on these additional parameters over the course of 2013, as it considers each matter in detail. If the Board agrees to this approach, there would be no dedicated document or agenda item on the business model of the Fund at the third Board meeting. Instead, the remaining questions around the business model would be considered during the Board's deliberations on each element of its work plan. Several questions would be considered under the institutional and strategic matters element of the work plan.

III. Elements of the work plan

7. The elements of the work plan are grouped as follows:

- (a) Institutional and strategic matters;
- (b) Access modalities;
- (c) Programming modalities;
- (d) Private sector facility;
- (e) Accountability mechanisms, standards, results and evaluation;
- (f) Resource mobilization; and
- (g) Establishment of the independent Secretariat.

8. These elements of the work plan are elaborated in detail below.

3.1 Institutional and strategic matters

9. The Governing Instrument and guidance by the Conference of the Parties (COP) define a number of institutional and strategic matters for the Fund (as summarized in Section I of Annexes II and III to this document).

10. The Board is expected to take decisions on additional institutional and strategic matters at its second meeting. Additional decisions on institutional and strategic matters form part of the Board's work plan presented in Annex IV. They include:

- (a) Additional Rules of Procedure of the Board not covered at the second Board meeting;

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- (b) Structure and organization of the Fund;
 - (c) Model for the delivery of the Fund's resources (direct and indirect);
 - (d) Allocation system; and
 - (e) Complementarity and coherence.

3.2 Access modalities

11. The Governing Instrument defines a number of aspects relating to the access modalities of the Fund (as summarized in Section II of Annex II).

12. Additional decisions concerning access modalities that form part of the Board's work plan presented in Annex IV include:

- (a) Eligibility for accessing resources from the Fund;
- (b) Range of access modalities and their availability across different funding programmes;
- (c) Entities eligible to apply for accreditation;
- (d) Accreditation procedures and criteria;
- (e) Responsibilities and accountabilities of the Fund and implementing entities;
- (f) Form of arrangements/agreements between the Fund and implementing entities; and
- (g) Assistance for entities seeking accreditation.

3.3 Programming modalities

13. The Governing Instrument and guidance by the COP define a number of aspects relating to the programming modalities of the Fund (as summarized in Section III of Annex II and Section II of Annex III).

14. Additional decisions concerning programming modalities that form part of the Board's work plan presented in Annex IV include:

- (a) Financial instruments and their terms;
- (b) Risk management policy;
- (c) Funding approval processes and criteria;
- (d) Programme and project funding cycles;
- (e) Mechanisms to ensure country-driven programming of activities and to create linkages with country planning processes;
- (f) Mechanisms to ensure complementarity between the Fund's activities and those of other bilateral, regional and multilateral funding mechanisms and institutions at national level;
- (g) Mechanisms to promote coherence in programming at national level;
- (h) Mechanisms to engage stakeholders and relevant institutions; and
- (i) Readiness and preparatory support and capacity-building.

3.4 Private sector facility

15. The Governing Instrument defines a number of aspects relating to the establishment of the Fund's private sector facility (PSF) (as summarized in Section IV of Annex II).

16. Additional decisions concerning the PSF that form part of the Board's work plan presented in Annex IV include:

- (a) Objectives for private sector engagement and design of special vehicles targeting these objectives;
- (b) Model for the delivery of the PSF's resources (indirect, direct or a combination);
- (c) Scope of activities and partners;
- (d) Financial inputs;
- (e) Mechanisms to ensure country-driven programming of activities and to create linkages with country planning processes ; and
- (f) Linkages with other Fund activities.

17. Matters common across Fund operations, but which may require specific PSF policies and procedures, depending on Board decisions on institutional and strategic matters, include:

- (a) Governance;
- (b) Financial instruments and their terms;
- (c) Funding approval processes and criteria;
- (d) Results measurement;
- (e) Information disclosure; and
- (f) Conflict of interest.

3.5 Accountability mechanisms, standards, results and evaluation

18. The Governing Instrument defines a number of matters relating to accountability, standards, results and evaluation of Fund's work (as summarized in Section V of Annex II).

19. Additional decisions concerning accountability, standards, results and evaluation that form part of the Board's work plan presented in Annex IV include:

- (a) Best-practice fiduciary principles and standards;
- (b) Best-practice environmental and social safeguards;
- (c) Capacity-building support for fiduciary principles and standards and environmental and social safeguards;
- (d) Monitoring;
- (e) Results management framework;
- (f) Evaluation, including the Independent Evaluation Unit;
- (g) Information disclosure policy;
- (h) Independent Integrity Unit; and
- (i) Redress mechanism.

3.6 Resource mobilization

20. The Governing Instrument and guidance by the COP define a number of aspects regarding the Fund's resource mobilization strategies (as summarized in Section VI of Annex II and Section III of Annex III).

21. Additional decisions concerning resource mobilization that form part of the Board's work plan presented in Annex IV include:

- (a) Form of financial inputs;
- (b) Policies and procedures for public contributions;
- (c) Policies and procedures for other contributions, including from innovative sources; and
- (d) Process, participants, roles, policies and timeframes for initial resource mobilization and subsequent replenishments.

3.7 Establishment of the independent Secretariat

22. By decision 3/CP.17, the COP requested the Board to establish the independent Secretariat of the Fund in the selected host country with termination of interim arrangements by December 2013. The Governing Instrument and other guidance by the COP define a number of other aspects relating to the independent Secretariat (as summarized in Section VII of Annex II and Section IV of Annex III).

23. The Board is expected to take decisions defining the basic institutional structure of the independent Secretariat at its first meeting in 2013. Decisions concerning the establishment of the independent Secretariat and related administrative policies that form part of the Board's work plan presented in Annex IV include:

- (a) Liaison with the host country regarding the juridical personality and legal capacity for the Fund and associated privileges and immunities;
- (b) Recruitment of the Executive Director; and
- (c) Guidance to the Executive Director on independent Secretariat matters such as: human resources policies and practices, recruitment, financial management policies and practices, facilities management and general administration, information technology, procurement and travel.

IV. Indicative work plan timeline

24. Four Board meetings are proposed for the year 2013. The following timeline provides an indicative list of matters to be considered by the Board at its meetings in 2013, which is reproduced in tabular form in Annex V for approval by the Board. Many matters would be addressed initially through consideration of a discussion document reviewing the main options and then taken up again at a subsequent meeting for decision-making (as highlighted in Annex V). Hence, they are included in more than one meeting. An asterisk (*) marks in the list below the meeting at which the decision is expected to be taken.

25. Close involvement of all Board members will be ensured while implementing the work plan. Interactions among Board members between meetings would make use of regular teleconferences and video-conferences as well as other means of communication. The Board may also choose to establish committees or other groups to make progress on particular items, in line with the Board's Rules of Procedure. Consultations with experts and stakeholders would also be held, as appropriate, to engage them in implementing the work plan. While preparing Board documents, the Interim Secretariat will conduct extensive consultations to ensure that all relevant aspects are taken into account and brought to the attention of the Board. This will be

done through technical workshops and expert consultations organized by the Interim Secretariat.

26. Before agreeing on this indicative timeline, the Board may wish to note that a definitive list of matters to be considered by the Board at each meeting will be decided by the Board during its preceding meeting. A list of documents to be considered at the third Board meeting is presented in Annex VI.

4.1 Board meeting 01-13, from 13 to 15 February 2013¹

- (a) Additional Rules of Procedure of the Board not covered at the second Board meeting*
- (b) Selection of the Executive Director*
- (c) Liaison with the host country regarding juridical personality and legal capacity for the Fund and associated privileges and immunities
- (d) Structure and organization of the Fund
 - Model for the delivery of Fund's resources (direct and indirect)
- (e) Allocation system
- (f) Access modalities
 - Entities eligible to apply for accreditation*
 - Accreditation procedures and criteria
- (g) PSF-related matters
 - Model for the delivery of resources
 - Scope of activities and partners
 - Financial instruments and their terms
 - Governance*
- (h) Information disclosure policy*

4.2 Board meeting 02-13, from 15 to 17 May 2013

- (a) Structure and organization of the Fund*
 - Model for the delivery of Fund's resources (direct and indirect)*
- (b) Complementarity and coherence
- (c) Allocation system*
- (d) Programme and project funding cycle
- (e) Funding approval processes and criteria
- (f) Access modalities*:
 - Accreditation procedures and criteria*
- (g) Best-practice fiduciary principles and standards*
- (h) Best-practice environmental and social safeguards*
- (i) Model for the delivery of the PSF's resources (indirect, direct or a combination)*:
 - Scope of activities and partners *
 - Financial inputs
 - Financial instruments and their terms*
- (j) Fund's financial instruments and their terms
- (k) Form of financial inputs*

¹ The Government of Germany has invited the Board to hold its third meeting in Berlin. The Government of Namibia has expressed its interest in hosting meetings of the Board in 2012 and 2013.

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- (l) Policies and procedures for public contributions
 - (m) Guidance to the Executive Director on independent Secretariat's administrative policies*

4.3 Board meeting 03-13, from 16 to 18 September 2013

- (a) Programme and project funding cycles*
- (b) Funding approval processes and criteria*
- (c) Financial instruments and their terms*
- (d) Programming modalities-related matters*:
 - Mechanisms to ensure country ownership and create linkages with country planning processes*;
 - Mechanisms to ensure complementarity between the Fund's activities and those of other bilateral, regional and multilateral funding mechanisms and institutions at national level*;
 - Mechanisms to promote coherence in programming at national level*;
 - Mechanisms to engage stakeholders and relevant institutions*;
- (e) Readiness and preparatory support and capacity-building*
- (f) Assistance for entities seeking accreditation*
- (g) PSF-related matters:
 - Funding approval processes and criteria*
 - Financial inputs*
 - Mechanisms to ensure country ownership and create linkages with country planning processes*
 - Linkages with other Fund activities*
- (h) Complementarity and coherence
- (i) Approval of the administrative budget for the next 12 months*
- (j) Resource mobilization-related matters:
 - Policies and procedures for public contributions*
 - Policies and procedures for other contributions, including from innovative sources
 - Initial resource mobilization and subsequent replenishments: process, participants, roles, policies and timeframes
- (k) Results management framework
- (l) Report to COP 19*

4.4 Board meeting 04-13, from 11 to 13 November 2013

- (a) Liaison with the host country regarding juridical personality and legal capacity for the Fund, and associated privileges and immunities*
- (b) Initial resource mobilization and subsequent replenishments: process, participants, roles, policies and timeframes*
- (c) Matters relating to access modalities*:
 - Responsibilities and accountabilities of the Fund and implementing entities*
 - Form of arrangements/agreements between the Fund and implementing entities*
- (d) Risk management policy*
- (e) Complementarity and coherence*

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- (f) PSF-related matters*:
 - Results measurement *
 - Information disclosure*
 - Conflict of interest*
 - (g) Monitoring*
 - (h) Results management framework*
 - (i) Evaluation, including the Independent Evaluation Unit*
 - (j) Independent Integrity Unit*
 - (k) Redress mechanism*

V. Interim Secretariat resourcing to support the work plan

27. In carrying out its work plan, the Board will utilize the services of a strong, professional Interim Secretariat that has core staff with relevant expertise. Additional expertise and capacity will be brought into the Interim Secretariat through consultancies, as required, based on clear terms of reference.

28. An estimate of the personnel and expertise required for the Secretariat to support the Board in implementing the work plan is presented below, grouped by the categories of elements of the work plan set out above:

- (a) Institutional and strategic matters, including resource mobilization: supported by a Senior Manager, a Climate Finance Officer, a Country and a Stakeholder Outreach Officer and input by the other staff listed below;
- (b) Access and programming modalities: supported by an Operations Officer-Country Programming and an Operations Officer-Financial Instruments;
- (c) Private sector facility: supported by an Investment Officer-Private Sector;
- (d) Accountability mechanism, standards, results and evaluation matters: supported by a Monitoring and Evaluation Specialist and a Financial Management Analyst;
- (e) Establishment of the independent Secretariat: supported by an Administration Specialist and a Human Resources Specialist.

29. All of these activities would be overseen by a Director and benefit from legal advice, as required, from a Legal Counsel. It will be essential that the five areas of work be taken forward in close collaboration of the staff involved to ensure coherence and consistency across the different elements of the Fund. In addition to the staff listed above, the Interim Secretariat would require two to three assistants to support its operations and provide logistic, document management and information technology support. It is also important to note that resources will be required to conduct workshops and expert meetings, as well as consultations at global and regional levels.

30. Document GCF/B.02-12/06 sets out the financial requirements associated with the Interim Secretariat resourcing to support the work plan.

Annex I: Decisions of the Board

The Board:

- (a) Agreed to take decisions to finalize the Fund's business model over the course of 2013, as it considers each related matter in detail as part of the Board's work plan until the end of 2013;
- (b) Agreed to the elements of the Board's work plan until the end of 2013, as set out in Annex IV to document GCF/B.02-12/03;
- (c) Agreed to the indicative timeline for the Board's work plan until the end of 2013, as set out in Annex V to document GCF/B.02-12/03, noting that the Board will manage the timeline on a meeting-by-meeting basis;
- (d) Requested the Interim Secretariat to prepare documents listed in Annex VI to document GCF/B.02-12/03 for the first Board meeting in 2013.

Annex II: Provisions of the Governing Instrument

Note: This Annex only presents a list of relevant provisions, for details on all the provisions, refer to the Governing Instrument².

I. Institutional and strategic matters

Objectives and guiding principles

1. The Fund will be guided by the principles and provisions of the Convention. The Fund will operate in a transparent and accountable manner guided by efficiency and effectiveness. The Fund will play a key role in channelling new, additional, adequate and predictable financial resources to developing countries and will catalyse climate finance, both public and private, and at the international and national levels. The Fund will pursue a country-driven approach and promote and strengthen engagement at the country level through effective involvement of relevant institutions and stakeholders. The Fund will be scalable and flexible and will be a continuously learning institution guided by processes for monitoring and evaluation. The Fund will strive to maximize the impact of its funding for adaptation and mitigation, and seek a balance between the two, while promoting environmental, social, economic and development co-benefits and taking a gender-sensitive approach.³

Complementarity and coherence

2. The Board will steer the Fund's operations so that they evolve with the Fund's scale and maturity and will exercise flexibility to allow the Fund to evolve over time and become the main global fund for climate change finance⁴

3. The Fund shall operate in the context of appropriate arrangements between itself and other existing funds under the Convention, and between itself and other funds, entities, and channels of climate change financing outside the Fund⁵

4. The Fund will also initiate discussions on coherence in climate finance delivery with other relevant multilateral entities⁶

5. In carrying out its functions the Board will develop mechanisms to draw on appropriate expert and technical advice, including from the relevant thematic bodies established under the Convention, as appropriate.⁷

Funding windows and Fund's structure

6. The Fund will have thematic funding windows. Initially, the Fund will have windows for adaptation and mitigation. An integrated approach to funding mitigation and adaptation will be used to allow for cross-cutting projects and programmes⁸

7. The Board shall also ensure adequate resources for capacity-building and technology development and transfer. The Fund will also provide resources for innovative and replicable

² http://gcfund.net/fileadmin/00_customer/documents/pdf/GCF-governing_instrument-120521-block-LY.pdf

³ Paragraph 3 of the Governing Instrument.

⁴ Paragraph 32 of the Governing Instrument.

⁵ Paragraph 33 of the Governing Instrument.

⁶ Paragraph 34 of the Governing Instrument.

⁷ Paragraph 70 of the Governing Instrument.

⁸ Paragraph 37 of the Governing Instrument.

approaches.⁹

8. The Board will consider the need for additional windows. The Board will have the authority to add, modify and remove additional windows and substructures or facilities as appropriate.¹⁰

Allocation

9. The Board will balance the allocation of resources between adaptation and mitigation activities under the Fund and ensure appropriate allocation of resources for other activities.¹¹

10. A results-based approach will be an important criterion for allocating resources.¹²

11. In allocating resources for adaptation, the Board will take into account the urgent and immediate needs of developing countries that are particularly vulnerable to the adverse effects of climate change, including LDCs, SIDS and African States, using minimum allocation floors for these countries as appropriate. The Board will aim for appropriate geographical balance.¹³

Trustee

12. Select, appoint and enter into legal and administrative arrangements with the Trustee.¹⁴

13. The World Bank will serve as interim trustee for the Fund, subject to a review three years after the operationalization of the Fund.¹⁵

II. Access modalities

Eligibility

14. All developing country Parties to the Convention are eligible to receive resources from the Fund. The Fund will finance agreed full and agreed incremental costs for activities to enable and support enhanced action on adaptation, mitigation (including REDD-plus),¹ technology development and transfer (including carbon capture and storage), capacity-building and the preparation of national reports by developing countries.¹⁶

15. The Fund will support developing countries in pursuing project-based and programmatic approaches in accordance with climate change strategies and plans, such as low-emission development strategies or plans, nationally appropriate mitigation actions (NAMAs), national adaptation plans of action (NAPAs); national adaptation plans (NAPs) and other related activities.¹⁷

Access modalities and accreditation

16. Access to Fund resources will be through national, regional and international implementing entities accredited by the Board. Recipient countries will determine the mode of

⁹ Paragraph 38 of the Governing Instrument.

¹⁰ Paragraph 39 of the Governing Instrument.

¹¹ Paragraph 50 of the Governing Instrument.

¹² Paragraph 51 of the Governing Instrument.

¹³ Paragraph 52 of the Governing Instrument.

¹⁴ Paragraph 18 (o) of the Governing Instrument.

¹⁵ Paragraph 26 of the Governing Instrument.

¹⁶ Paragraph 35 of the Governing Instrument.

¹⁷ Paragraph 36 of the Governing Instrument.

access and both modalities can be used simultaneously.¹⁸

17. Recipient countries may designate a national authority. This national designated authority will recommend to the Board funding proposals in the context of national climate strategies and plans, including through consultation processes. The national designated authorities will be consulted on other funding proposals for consideration prior to submission to the Fund, to ensure consistency with national climate strategies and plans.¹⁹

Direct access

18. Recipient countries will nominate competent subnational, national and regional implementing entities for accreditation to receive funding. The Board will consider additional modalities that further enhance direct access, including through funding entities with a view to enhancing country ownership of projects and programmes.²⁰

International access

19. Recipient countries will also be able to access the Fund through accredited international entities, including United Nations agencies, multilateral development banks, international financial institutions and regional institutions.²¹

Accreditation

20. The Board will develop, manage and oversee an accreditation process for all implementing entities based on specific accreditation criteria that reflect the Fund's fiduciary principles and standards and environmental and social safeguards.²²

III. Programming modalities

21. The Fund will provide simplified and improved access to funding, including direct access, basing its activities on a country-driven approach and will encourage the involvement of relevant stakeholders, including vulnerable groups and addressing gender aspects.²³

Programming and approval processes

22. The Fund will have a streamlined programming and approval process to enable timely disbursement. The Board will develop simplified processes for the approval of proposals for certain activities, in particular small-scale activities.²⁴

Financial instruments

23. The Fund will provide financing in the form of grants and concessional lending, and through other modalities, instruments or facilities as may be approved by the Board. Financing will be tailored to cover the identifiable additional costs of the investment necessary to make the project viable. The Fund will seek to catalyse additional public and private finance through its activities at the national and international levels.²⁵

¹⁸ Paragraph 45 of the Governing Instrument.

¹⁹ Paragraph 46 of the Governing Instrument.

²⁰ Paragraph 47 of the Governing Instrument.

²¹ Paragraph 48 of the Governing Instrument.

²² Paragraph 49 of the Governing Instrument.

²³ Paragraph 31 of the Governing Instrument.

²⁴ Paragraph 53 of the Governing Instrument.

²⁵ Paragraph 54 of the Governing Instrument.

24. The Fund may employ results-based financing approaches, including, in particular for incentivizing mitigation actions, payment for verified results, where appropriate.²⁶

25. Financial management practices and financing agreements will be in keeping with the Fund's fiduciary principles and standards and environmental and social safeguards to be adopted by the Board. The Board will develop an appropriate risk management policy for funding and financial instruments.²⁷

Stakeholder input and participation

26. The Board will develop mechanisms to promote the input and participation of stakeholders, including private-sector actors, civil society organizations, vulnerable groups, women and indigenous peoples, in the design, development and implementation of the strategies and activities to be financed by the Fund.²⁸

Readiness and preparatory support

27. The Fund will provide resources for readiness and preparatory activities and technical assistance, such as the preparation or strengthening of low-emission development strategies or plans, NAMAs, NAPs, NAPAs and for in-country institutional strengthening, including the strengthening of capacities for country coordination and to meet fiduciary principles and standards and environmental and social safeguards, in order to enable countries to directly access the Fund.²⁹

Complementarity and coherence

28. The Board will develop methods to enhance complementarity between the activities of the Fund and the activities of other relevant bilateral, regional and global funding mechanisms and institutions, to better mobilize the full range of financial and technical capacities. The Fund will promote coherence in programming at the national level through appropriate mechanisms. The Fund will also initiate discussions on coherence in climate finance delivery with other relevant multilateral entities.³⁰

IV. Private sector facility (PSF)

29. The Fund will have a private sector facility that enables it to directly and indirectly finance private sector mitigation and adaptation activities at the national, regional and international levels.³¹

30. The operation of the facility will be consistent with a country-driven approach.³²

31. The facility will promote the participation of private sector actors in developing countries, in particular local actors, including small- and medium-sized enterprises and local financial intermediaries. The facility will also support activities to enable private sector involvement in SIDS and LDCs.³³

32. The Board will develop the necessary arrangements, including access modalities, to

²⁶ Paragraph 55 of the Governing Instrument.

²⁷ Paragraph 56 of the Governing Instrument.

²⁸ Paragraph 71 of the Governing Instrument.

²⁹ Paragraph 40 of the Governing Instrument.

³⁰ Paragraph 34 of the Governing Instrument.

³¹ Paragraph 41 of the Governing Instrument.

³² Paragraph 42 of the Governing Instrument.

³³ Paragraph 43 of the Governing Instrument.

operationalize the facility.³⁴

V. Accountability mechanisms, standards, results and evaluation

Fiduciary standards

33. The Board will agree on, adopt, and ensure the application of best practice fiduciary principles and standards to the Fund's entities, the trustee's function related to the Fund, and to all operations, projects and programmes financed by the Fund, including the implementing entities.³⁵

Environmental and social safeguards

34. The Board will agree on and adopt best practice environmental and social safeguards, which shall be applied to all programmes and projects financed using the resources of the Fund.³⁶

Accountability mechanisms

35. The Fund's operations will be subject to an information disclosure policy that will be developed by the Board.³⁷

36. The Board will establish an independent integrity unit, to work with the secretariat and report to the Board, to investigate allegations of fraud and corruption in coordination with relevant counterpart authorities.³⁸

37. The Board will establish an independent redress mechanism that will report to the Board. The mechanism will receive complaints related to the operation of the Fund and will evaluate and make recommendations.³⁹

Monitoring

38. The programmes and projects, as well as other activities, funded by the Fund will be regularly monitored for impact, efficiency and effectiveness in line with rules and procedures established by the Board. The use of participatory monitoring involving stakeholders will be encouraged.⁴⁰

39. A results measurement framework with guidelines and appropriate performance indicators will be approved by the Board. Performance against these indicators will be reviewed periodically in order to support the continuous improvement of the Fund's impact, effectiveness and operational performance.⁴¹

Evaluation

40. There will be periodic independent evaluations of the performance of the Fund in order to provide an objective assessment of the results of the Fund, including its funded activities and its effectiveness and efficiency. The purpose of these independent evaluations is to inform decision-making by the Board and to identify and disseminate lessons learned. The results of

³⁴ Paragraph 44 of the Governing Instrument.

³⁵ Paragraph 63 of the Governing Instrument.

³⁶ Paragraph 65 of the Governing Instrument.

³⁷ Paragraph 67 of the Governing Instrument.

³⁸ Paragraph 68 of the Governing Instrument.

³⁹ Paragraph 69 of the Governing Instrument.

⁴⁰ Paragraph 57 of the Governing Instrument.

⁴¹ Paragraph 58 of the Governing Instrument.

the periodic evaluations will be published.⁴²

41. To this end, the Board will establish an operationally independent evaluation unit as part of the core structure of the Fund. The head of the unit will be selected by, and will report to, the Board. The frequency and types of evaluation to be conducted will be specified by the unit in agreement with the Board.⁴³

42. Reports of the Fund's independent evaluation unit will be provided to the COP for purposes of periodic reviews of the financial mechanism of the Convention.⁴⁴

VI. Resource mobilization

Financial inputs

43. The Fund will receive financial inputs from developed country Parties to the Convention.⁴⁵

44. The Fund may also receive financial inputs from a variety of other sources, public and private, including alternative sources.⁴⁶

VII. Establishment of the independent Secretariat

Arrangements for the Secretariat

45. Periodically review the day-to-day operations performed by the Secretariat;⁴⁷

46. Approve the budget of the Secretariat;⁴⁸

47. Assign specific functions to the Secretariat;⁴⁹

Appointments

48. Appoint the Executive Director,⁵⁰ including approving the job description and qualifications for the head and the Executive Director and arranging for the selection to take place through a merit-based, open and transparent process;

49. Appoint the head of the evaluation unit and the heads of all accountability units;⁵¹

Administrative budget and audits

50. Review and approve the administrative budget of the Fund and arrange for performance reviews and audits;⁵²

⁴² Paragraph 59 of the Governing Instrument.

⁴³ Paragraph 60 of the Governing Instrument.

⁴⁴ Paragraph 61 of the Governing Instrument.

⁴⁵ Paragraph 29 of the Governing Instrument.

⁴⁶ Paragraph 30 of the Governing Instrument.

⁴⁷ Paragraph 19 of the Governing Instrument.

⁴⁸ Paragraph 23(e) of the Governing Instrument.

⁴⁹ Paragraph 23(m) of the Governing Instrument.

⁵⁰ Paragraph 18(k) of the Governing Instrument.

⁵¹ Paragraph 18(l) of the Governing Instrument.

⁵² Paragraph 18(j) of the Governing Instrument.

Annex III: Guidance from the Conference of Parties (decision 3/CP.17)

Note: This Annex only presents a list of relevant provisions, for details on all the provisions, refer to decision 3/CP.17.⁵³

I. Strategic and institutional matters

Allocation

1. The Board will balance the allocation of the Green Climate Fund resources between adaptation and mitigation activities;⁵⁴

Complementarity and coherence

2. Initiate a process to collaborate with the Adaptation Committee and the Technology Executive Committee, as well as other relevant thematic bodies under the UNFCCC, to define linkages between the Fund and these bodies, as appropriate;⁵⁵

Trustee

3. Select the Trustee through an open, transparent and competitive bidding process in a timely manner to ensure there is no discontinuity in trustee service;⁵⁶

II. Programming modalities

4. Develop a transparent no-objection procedure to be conducted through national designated authorities to ensure consistency with national climate strategies and plans and a country-driven approach and to provide for effective public and private sector financing by the Fund; and adopt this procedure prior to approval of funding proposals by the Fund;⁵⁷

III. Resource mobilization

5. Establish policies and procedures enabling an early and adequate replenishment process;⁵⁸

IV. Establishment of the independent Secretariat

6. Establish in the host country, no later than the nineteenth session of the COP, the independent Secretariat of the Fund,⁵⁹ that will be accountable to the Board and function under its guidance, and whose head will report to the Board;

V. Legal and administrative arrangements for hosting the Fund

7. In cooperation with the host country of the Fund, the Board will develop the legal and administrative arrangements for hosting the Fund, and ensure that juridical personality and legal capacity are conferred on the Fund, and privileges and immunities, as necessary, are granted to the Fund and its officials in an expedited manner.⁶⁰

⁵³ <http://unfccc.int/resource/docs/2011/cop17/eng/09a01.pdf#page=55>

⁵⁴ Paragraph 8 of decision 3/CP.17.

⁵⁵ Paragraph 17 of decision 3/CP.17.

⁵⁶ Paragraph 16 of decision 3/CP.17.

⁵⁷ Paragraph 7 of decision 3/CP.17.

⁵⁸ Paragraph 9 of decision 3/CP.17.

⁵⁹ Paragraph 15 of decision 3/CP.17.

⁶⁰ Paragraph 14 of decision, 3/CP.17.

Annex IV: Elements of the Board's work plan until the end of 2013**I. Institutional and strategic matters**

- (a) Additional Board Rules of Procedure not covered at the second Board meeting;
- (b) Structure and organization of the Fund;
- (c) Model for the delivery of the Fund's resources (direct and indirect);
- (d) Allocation system;
- (e) Complementarity and coherence;
- (f) Reporting to the COP.

II. Access modalities

- (a) Range of access modalities and their availability across different programmes;
- (b) Entities eligible to apply for accreditation;
- (c) Accreditation procedures and criteria;
- (d) Responsibilities and accountabilities of the Fund and implementing entities;
- (e) Form of arrangements/agreements between the Fund and implementing entities;
- (f) Assistance for entities seeking accreditation.

III. Programming modalities

- (a) Financial instruments and their terms;
- (b) Risk management policy;
- (c) Funding approval processes and criteria;
- (d) Programme and project funding cycle;
- (e) Mechanisms to ensure country ownership and create linkages with country planning processes;
- (f) Mechanisms to ensure complementarity with other mechanisms and institutions;
- (g) Mechanisms to engage stakeholders;
- (h) Readiness and preparatory support and capacity-building.

IV. Private sector facility (PSF)

Matters specific to the PSF:

- (a) Model for the delivery of the PSF's resources (indirect, direct or a combination);
- (b) Scope of activities and partners;
- (c) Financial inputs;
- (d) Mechanisms to ensure country ownership and create linkages with country planning processes;

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- (e) Linkages with other Fund activities.

Matters common across Fund operations, but which may require specific PSF policies and procedures, depending on Board decisions on institutional and strategic matters:

- (a) Governance;
- (b) Financial instruments and their terms;
- (c) Funding approval processes and criteria;
- (d) Results measurement;
- (e) Information disclosure;
- (f) Conflict of interest.

V. Accountability mechanisms, standards, results and evaluation

- (a) Best-practice fiduciary principles and standards;
- (b) Best-practice environmental and social safeguards;
- (c) Monitoring;
- (d) Results management framework;
- (e) Evaluation, including the Independent Evaluation Unit;
- (f) Information disclosure policy;
- (g) Independent Integrity Unit;
- (h) Redress mechanism.

VI. Resource mobilization

- (a) Form of financial inputs;
- (b) Policies and procedures for public contributions;
- (c) Policies and procedures for other contributions, including from innovative sources;
- (d) Process, participants, roles, policies and timeframes for initial resource mobilization and subsequent replenishments;

VII. Establishment of the independent Secretariat

- (a) Liaison with the host country regarding juridical personality and legal capacity for the Fund and associated privileges and immunities;
- (b) Recruitment of the Executive Director;
- (c) Guidance to the Executive Director on independent Secretariat's administrative policies such as: human resources policies and practices, recruitment, financial management policies and practices, facilities management and general administration, information technology, procurement and travel.

Annex V: Indicative timeline for the Board's work plan until the end of 2013

Fund policies and procedures	Matters for consideration at Board meetings	Board meeting 01-13		Board meeting 02-13		Board meeting 03-13		Board meeting 04-13
Institutional and strategic matters	Additional Rules of Procedure of the Board not covered at the second Board meeting							
	Structure and organization of the Fund							
	Model for the delivery of Fund's resources (direct and indirect)							
	Allocation system							
	Complementarity and coherence							
	Report to COP 19							
Access modalities	Access modalities							
	Entities eligible to apply for accreditation							
	Accreditation procedures and criteria							
	Assistance for entities seeking accreditation							
	Responsibilities and accountabilities of the Fund and implementing entities							
	Form of arrangements/agreements between the Fund and implementing entities							
Programming modalities	Financial instruments and their terms							
	Risk management policy							
	Programme and project funding cycle							
	Funding approval processes and criteria							
	Mechanisms to ensure country-driven programming of activities and to create linkages with country planning processes							
	Mechanisms to ensure complementarity between the Fund's activities and those of other funding entities and channels at national level							
	Mechanisms to engage stakeholders and relevant institutions							
	Readiness and preparatory support and capacity building							

Fund policies and procedures	Matters for consideration at Board meetings	Board meeting 01-13		Board meeting 02-13		Board meeting 03-13		Board meeting 04-13
Private sector facility (PSF)	Financial inputs							
	Mechanisms to ensure country ownership and create linkages with country planning processes							
	Linkages with other Fund activities							
	Funding approval processes and criteria							
	Results measurement							
	Information disclosure							
	Conflict of interest							
	Model for the delivery of the PSF's resources (indirect, direct or a combination)							
	Scope of activities and partners							
	Financial instruments and their terms							
	Governance							
Accountability mechanisms, standards, results and evaluation	Monitoring							
	Results management framework							
	Evaluation, including the Independent Evaluation Unit							
	Independent Integrity Unit							
	Redress mechanism							
	Best-practice fiduciary principles and standards							
	Best-practice environmental and social safeguards							
	Information disclosure policy							
Resource mobilization	Form of financial inputs							
	Initial resource mobilization and subsequent replenishments: process, participants, roles, policies and timeframes							
	Policies and procedures for other contributions, including from innovative sources							
	Policies and procedures for public contributions							

Fund policies and procedures	Matters for consideration at Board meetings	Board meeting 01-13	Board meeting 02-13	Board meeting 03-13	Board meeting 04-13
Establishment of the independent Secretariat	Recruitment of the Executive Director				
	Liaison with the host country regarding juridical personality and legal capacity for the Fund and associated privileges and immunities				
	Approval of the administrative budget for the next 12 months				
	Guidance to the Executive Director on independent Secretariat's administrative policies				

	Board discussion on a working document
	Decision time

Annex VI: List of documents for the Board meeting 01-13**I. Structure and organization of the Fund**

1. The document will include the following matters:
 - (a) An assessment of structural/organizational options for the Fund around financial instruments e.g. grant facility, concessional lending facility in addition to the private sector facility foreseen in the Governing Instrument;
 - (b) An assessment of model for the delivery of the Fund's resources (direct and indirect); and
 - (c) An assessment of various structural options in terms of its leveraging potential of additional financing from public and private sector, at national and international levels.

II. Allocation system

2. The document will address the following matters:
 - (a) Options for ex-ante allocation of funds to countries;
 - (b) Criteria for such allocation systems, including a results-based approach;
 - (c) Measures to strike "balance" between mitigation and adaptation funding, including in terms of monetary size, policy priority or spatial parameters or other criteria;
 - (d) Options for different allocation criteria for mitigation and adaptation funding;
 - (e) Beneficiaries of Fund resources, e.g. governments, NGOs, private sector; and
 - (f) Options and implications of any limits/conditions on use of Fund resources by beneficiaries or prerogative of beneficiary countries to determine.

III. Access modalities

3. The document would address the following matters:
 - (a) Entities eligible to apply for accreditation, including sub-national, national, regional and international entities;
 - (b) Eligibility of entities for all purposes or only some specific purposes; and
 - (c) Accreditation procedures and criteria.

IV. Private sector facility-related matters

4. The document will include the following matters:
 - (a) Model for the delivery of the PSF resources:
 - o An assessment of options and implications of different institutional models for the PSF - organized as a specialized unit in the Fund or a separate institutional structure organized as one or several investment vehicle(s) for venture capital, private equity and others;
 - o An assessment of model for the delivery of the PSF resources, including direct, indirect or a combination; and

- An assessment of options and implications for various forms of legal capacity needed for PSF to carry out its functions;
- (b) An assessment of options for scope of activities and partners of the PSF;
- (c) An assessment of options for PSF's financial instruments and their terms; and
- (d) An assessment of various models of PSF governance.

V. Information disclosure policy

5. The document will address the following matters:
- (a) Policy on disclosure of documents prepared for the Fund;
 - (b) Disclosure of papers and information considered by the Board; and
 - (c) Disclosure of information relating to programmes and projects.

VI. Additional Rules of Procedure of the Board not covered at the second Board meeting

VII. Report of the Executive Director Selection Committee

VIII. Liaison with the host country regarding juridical personality and legal capacity for the Fund and associated privileges and immunities

6. The document will include matters related to host country or headquarters agreement, any provisional legal arrangements for privileges and immunities for the Secretariat and other related matters.
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