

Green Climate Fund

Decisions of the Board -
Second Meeting of the Board,
18-20 October 2012

GCF/B.02-12/12
9 November 2012

Meeting of the Board
18-20 October 2012
Songdo, Republic of Korea
Agenda item 15

Decisions of the Board - Second Meeting of the Board, 18-20 October 2012

I. Agenda item 1: Opening of the meeting

1. The meeting was opened by the Co-Chairs on 18 October 2012. On behalf of the Board, they thanked the Government of the Republic of Korea for its generous hospitality in hosting this meeting.

II. Agenda item 2: Adoption of the agenda and organization of work

2. The Board adopted the agenda as set forth in document GCF/B.02-12/01, amended as follows:

1. Opening of the meeting
2. Adoption of the agenda and organization of work
3. Adoption of the report of the first meeting
4. Report on activities of the Co-Chairs and the Interim Secretariat
5. Additional rules of procedure of the Board
6. Work plan and priorities of the Board
7. Selection of the host country of the Fund
8. Arrangements for the Interim Trustee
9. Status of resources and administrative budget of the Interim Secretariat and the Interim Trustee
10. Arrangements for establishing the independent Secretariat, including the selection of the Executive Director
11. Arrangements between the Conference of the Parties and the Fund
12. Report to the Conference of the Parties
13. Logo of the Green Climate Fund
14. Other business
15. Report of the meeting
16. Closure of the meeting

3. At the proposal of the Co-Chairs, the Board agreed to provisionally invite four active observers into the meeting room.

III. Agenda item 3: Adoption of the report of the first meeting

DECISION B.02-12/01

4. *The Board:*
- (a) *Approved the report of the first meeting of Board as contained in Annex II to document GCF/B.02-12/11, with amendments (subsequently issued as document GCF/B.01-12/10);*
 - (b) *Agreed to publish the report of the first meeting of the Board on the Green Climate Fund website.*

IV. Agenda item 4: Report on activities of the Co-Chairs and the Interim Secretariat

5. The Board took note of the information provided by the Co-Chairs and of document GCF/B.02-12/10, covering the activities of the Interim Secretariat undertaken in September 2012, between the first and second meetings of the Board.

V. Agenda item 5: Additional rules of procedure of the Board

DECISION B.02-12/02

6. *The Board:*
- (a) *Approved paragraph 3 of Annex III (Additional Rules of Procedure relating to Co-Chairs) to document GCF/B.02-12/02;*
 - (b) *Decided, in accordance with the recommendations from the team on Additional Rules of Procedure, to organize a meeting of the team to continue their work one day prior to the third Board meeting.*

VI. Agenda item 6: Work plan and priorities of the Board

DECISION B.02-12/03

7. *The Board:*
- (a) *Agreed to take decisions with an aim to finalize the Fund's business model and consider each related matter in detail as part of the Board's work plan until the end of 2013;*
 - (b) *Agreed in principle 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 priority matters in the work plan until the end of 2013, as set out in Annex III to this report;*

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- (d) *Agreed to the indicative timeline for the Board's work plan until the end of 2013, as set out in Annex IV to this report, noting that the Board will manage the timeline on a meeting-by-meeting basis;*
- (e) *Agreed to the list of matters for consideration at its next meeting as outlined in Annex V to this report;*
- (f) *Requested the Interim Secretariat to prepare documents listed in Annex VI to this report for the first Board meeting in 2013;*
- (g) *Requested the team of six Board members/alternate members to facilitate the preparation of the documents on the business model framework. These Board members/alternate members are: Mr. Arnaud Buisse, Mr. Nick Dyer, Mr. Derek Gibbs, Mr. Kjetil Lund, Mr. Tosi Mpanu Mpanu and Ms. Adriana Soto.*

VII. Agenda item 7: Selection of the host country of the Fund

DECISION B.02-12/04

8. *The Board:*
- (a) *Decided by consensus to select Songdo, Incheon City, Republic of Korea, as the host city of the Fund;*
- (b) *Agreed to present this decision for endorsement to the Conference of the Parties (COP) of the United Nations Framework Convention on Climate Change (UNFCCC) at its eighteenth session.*

VIII. Agenda item 8: Arrangements for the Interim Trustee

DECISION B.02-12/05

9. *The Board:*
- (a) *Approved the Standard Provisions applicable to the Green Climate Fund Trust Fund in Annex II to document GCF/B.01-12/05/Rev.01;*
- (b) *Approved the Transfer Agreement under the Green Climate Fund Trust Fund (MTO No. 069022) with the UNFCCC secretariat in connection with the Interim Secretariat in Annex III to document GCF/B.01-12/05/Rev.01.*

IX. Agenda item 9: Status of resources and administrative budget of the Interim Secretariat and the Interim Trustee

DECISION B.02-12/06

10. *The Board, having reviewed document GCF/B.02-12/06/Rev.01, and making a record of:*
- Funds available for disbursement of US\$ 2.7 million as at 19 October 2012;*
 - Previous pledges anticipated to be paid in of US\$ 2.5 million;*
 - New pledges made at the meeting of US\$ 1.5 million; and*
 - Strong commitments to additional pledges made,*

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- (a) *Approved, from resources available or to be made available in the Green Climate Fund Trust Fund (GCFTF), the administrative budget of the Fund for the period from 1 November 2012 to 31 December 2013 of US\$ 7,481,000, as set out in Table 2 of document GCF/B.02-12/06/Rev.01;*
- (b) *Authorized the Interim Trustee to make cash transfers from the GCFTF to the UNFCCC and Global Environment Facility (GEF) secretariats as the Interim Secretariat, and to the World Bank as the Interim Trustee, in accordance with the administrative budget of the Fund approved by the Board, subject to adjustment based upon revised costs and expenditures to be incurred. In the event the Interim Trustee determines that the amount of available resources in the GCFTF will be insufficient to cover the total estimated budgets specified in (a) above, the Board authorizes the Interim Trustee to make cash transfers to the Interim Secretariat and the Interim Trustee up to the pro rata amount of available resources in the GCFTF to cover such total estimated budget as determined by the Interim Trustee;*
- (c) *Authorized the Interim Secretariat to recruit staff for the period from 1 November 2012 to 31 December 2013, in accordance with the administrative budget of the Fund approved by the Board and subject to availability of resources, by:*
- (i) *Issuing fixed term contracts up to December 2013;*
 - (ii) *Further staff assignments from the UNFCCC and GEF secretariats;*
 - (iii) *Reimbursable secondments of experts from relevant institutions; and/or*
 - (iv) *Hiring consultants for extended periods of time;*
- (d) *Took note of the supplementary information presented in the document, including on the status of financial resources in the GCFTF.*

X. Agenda item 10: Arrangements for establishing the independent Secretariat, including the selection of the Executive Director

DECISION B.02-12/07

11. *The Board:*
- (a) *Took note of the information presented in document GCF/B.02-12/07;*
 - (b) *Requested the Board members to submit any comments they may have on the document to the Interim Secretariat no later than 3 November 2012.*

DECISION B.02-12/08

12. *The Board:*
- (a) *Decided to establish an Executive Director Selection Committee consisting of six Board members (H.E. Mr. Jan Cedergren, H.E. Mr. Ernesto Cordero Arroyo, Mr. Omar El-Arini, H.E. Ms. Audrey Joy Grant, Mr. Manfred Konukiewitz and Mr. Alexey Kvasov) that will oversee the selection process and make recommendations to the Board;*
 - (b) *Agreed to request the Executive Director Selection Committee to:*
 - (i) *Agree to revise the draft terms of reference for the Executive Director (Annex III of document GCF/B.02-12/08), taking into account written comments received from Board members, which will be provided no later than 3 November 2012;*

- (ii) *Decide the selection process for the Executive Director, considering the most effective and efficient approach, including whether an executive search firm is required to assist in the process;*
- (iii) *In the event that an executive search firm is the option of choice, agree on the terms of reference for the search firm, and provide guidance to the Interim Secretariat to identify a suitable firm in a cost-effective manner, for approval by the Selection Committee;*
- (iv) *Approve the text and media for disseminating the advertisement for the Executive Director;*
- (v) *Agree a short-list of candidates, interview the short-listed candidates and create a final list of three candidates without ranking for consideration by the Board, at its third meeting;*
- (vi) *Incur expenses of up to US\$ 200,000, ensuring expenditure is efficient and cost-effective. If there is a requirement to exceed this amount, the Selection Committee will seek the Co-Chairs' approval; and*
- (vii) *Keep the Board informed of progress, including a report to the third meeting addressing action in relation to sub-paragraphs (i)-(vi) above.*

XI. Agenda item 11: Arrangements between the Conference of the Parties and the Fund

13. The Co-Chairs concluded that there is no consensus on this agenda item.

XII. Agenda item 12: Report to the Conference of the Parties

DECISION B.02-12/09

14. *The Board:*
- (a) *Requested the Co-Chairs, assisted by the Interim Secretariat, to finalize the Report of the Green Climate Fund to the Conference of the Parties to the United Nations Framework Convention on Climate Change in Annex II to document GCF/B.02-12/09, taking into consideration the comments and amendments made at the meeting, and forward it to the UNFCCC secretariat;*
 - (b) *Authorized the Co-Chairs to present the report to the COP.*

XIII. Agenda item 13: Logo of the Green Climate Fund

15. The Board agreed to:
- (a) Take up this matter at its next meeting; and
 - (b) Invited Mr. Farrukh Khan to refine his proposal following further consultations with Board members and other interested parties.

XIV. Agenda item 14: Other business

16. The Board authorized the Interim Secretariat to provide the full costs of travel and daily subsistence allowance of Board members and alternate members from eligible developing countries to attend Board meetings or any ancillary meetings decided by the Board.

XV. Agenda item 15: Report of the meeting

17. The Co-Chairs presented a draft report of the meeting (document GCF/B.02-12/Drf.01) and the document containing the decisions taken by the Board (document GCF/B.02-12/Drf.02). The Board agreed on document GCF/B.02-12/Drf.02, with amendments (subsequently issued as document GCF/B.02-12/12). The Board agreed that the Co-Chairs would revise the draft report (document GCF/B.02-12/Drf.01) based on the comments received from Board members by 3 November 2012.

XVI. Agenda item 16: Closure of the meeting

18. The meeting was closed on 20 October 2012.

Annex III: Indicative priority matters in the work plan until the end of 2013

- I. Business model framework
- II. Private sector facility-related matters
- III. Resource mobilization
- IV. Results management framework
- V. Establishment of the independent Secretariat
 - (a) Host country agreement
 - (b) Selection of the Executive Director
 - (c) Guidance on administrative policies of the independent Secretariat
- VI. Modalities for readiness and preparatory support
- VII. Access modalities (direct access and other access modalities)
- VIII. Programme and project funding cycle
- IX. Funding approval criteria and processes
- X. Financial instruments and their terms
- XI. Allocation system
- XII. Standards and safeguards
- XIII. Risk management policy
- XIV. Information disclosure policy
- XV. Audits

Annex IV: Meetings of the Board

The indicative schedule of Board meetings in the year 2013 is as follows:

- (a) First Board meeting, 12-15 March 2013, Berlin, Germany;
- (b) Second Board meeting, 25-28 June 2013;
- (c) Third Board meeting, [18-21] September 2013.

Annex V: Agenda items for the first Board meeting in the year 2013

- I. Business model framework
 - (a) Structure and organization of the Fund
 - (b) Private sector facility-related matters
 - (c) Access modalities
 - (d) Results management framework
- II. Resource mobilization
- III. Modalities for readiness and preparatory support
- IV. Establishment of the independent Secretariat
 - (a) Selection of the Executive Director
 - (b) Review of staffing of the Interim Secretariat
 - (c) Guidance on administrative policies of the independent Secretariat
- V. Host country agreement
- VI. Any pending matter from the second Board meeting in 2012

Annex VI: List of documents to be prepared for the first Board meeting in 2013**I. Business model framework**

(a) Structure and organization of the Fund

The document will build on the provisions of the Governing Instrument and guidance received from the COP. The document will include a description and visualization of the business model of the Fund to promote the paradigm shift towards low emission and climate-resilient development pathways, with:

- (i) Structural options for the business model;
- (ii) Models for the delivery of the Fund's resources (direct and indirect/wholesale and retail) for enhanced access;
- (iii) Structural options and financial instruments in terms of its leveraging potential of additional public and private sector finance, at national and international levels in the context of funding windows and facilities; and
- (iv) Complementarity of the Fund with other channels of climate finance and linkages with thematic bodies of the Convention.

(b) Private sector facility (PSF)-related matters

The document will include the following matters:

- (i) An assessment and implications of various institutional models for the PSF, including governance structure;
- (ii) An assessment and implications of models for the delivery of the PSF resources, including direct, indirect or a combination; and
- (iii) Complementarity of the PSF with other channels of climate finance.

(c) Access modalities

The document will include the following matters:

- (i) Eligibility for accessing resources from the Fund; and
- (ii) Range of access modalities, including enhanced access modalities, and their availability across different funding programmes.

(d) Results management framework

The document will include the following matters:

- (i) Key elements of results management framework;
- (ii) Modalities for monitoring and evaluation;
- (iii) Results-based approaches for resource allocation; and
- (iv) Performance indicators for measuring performance at project and programme level and for overall performance of the funded activities.

II. Resource mobilization

The document will include the following matters:

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- (a) Policies and procedures for public contributions and other contributions, including from alternative sources; and
 - (b) Process and policies, participants and timeframes for resource mobilization and subsequent replenishments.

III. Modalities for readiness and preparatory support

The document will include the following matters:

- (a) Priority areas for readiness and preparatory support;
- (b) Mechanisms for allocation, delivery and simplified approval process for readiness and preparatory support; and
- (c) Complementarity of modalities for readiness and preparatory support with other channels of climate finance.

IV. Establishment of the independent Secretariat

The document will include matters relating to:

- (a) Selection of the Executive Director;
- (b) Review of staffing of the Interim Secretariat; and
- (c) Guidance on administrative policies of the independent Secretariat.

V. Host country agreement

- (a) Preparation of host country agreement, including provisional legal arrangements for privileges and immunities for the establishment of the independent Secretariat¹.

Method for preparing the document on business model framework

The committee/team of six Board members will facilitate the preparation of the document on business model framework. Input from Board members could be solicited on specific matters/higher order questions. The Interim Secretariat will solicit input from consultants, experts and stakeholders, including private sector and civil society organizations on specific matters.

¹ In consultation with the host country.