



GREEN
CLIMATE
FUND

Report of the Eighth Meeting of the Board, 14-17 October 2014

GCF/B.08/46

2 March 2015

Meeting of the Board

14-17 October 2014

Bridgetown, Barbados

Agenda item 36

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Report of the Eighth Meeting of the Board, 14-17 October 2014

Agenda item 1: Opening of the meeting

1. The Co-Chairs opened the meeting on 14 October 2014.
2. They welcomed new Board members, Mr. Nauman Bashir Bhatti, Mr. Shuichi Hosoda, Mr. Gabriel Quijandria, Ms. Bernarditas Muller, Mr. Jorge Ferrer Rodriguez, Mr. Stefan Marco Schwager, Mr. In-chang Song and Ms. Andrea Ledward (Ms. Mariana Inés Micozzi joined the meeting subsequently and was duly welcomed as a new Board member), and a new Alternate member of the Board, Mr. Peder Lundquist.
3. The new General Counsel, Mr. Rutger de Witt Wijnen, and new Secretary to the Board, Ms. Carolina Fuentes, were also welcomed, as were the four active observers identified by the observer community: Mr. Brandon Wu, Action Aid International; Ms. Meenakshi Raman, Third World Network; Ms. Alexandra Tracey, representing Mr. Abyd Karmali, Climate Markets and Investment Association; and Ms. Gwen Andrews, World Business Council for Sustainable Development.
4. Co-Chair Mr. Manfred Konukiewitz informed the Board that his fellow Co-Chair, Mr. Jose Maria Clemente Sarte Salceda, was no longer part of the Board owing to serious circumstances in the Philippines. He wished to express the understanding of the Board for the special circumstances faced by Mr. Salceda and, on behalf of the Board, extended best wishes to him and his country.
5. In accordance with the Rules of Procedure (RoP), members of the developing country constituencies were asked to nominate a replacement. They duly nominated Mr. Ayman M. Shasly as developing country Co-Chair for the duration of the meeting.
6. As there were no objections, Mr. Ayman M. Shasly was elected as developing country Co-Chair for the duration of the meeting.
7. The Co-Chairs expressed thanks to the city of Bridgetown and to the Government and people of Barbados, as well as to Mr. Patrick McCaskie, for their generous support in hosting the meeting.
8. They thanked the facilitator of the initial resource mobilization (IRM) process, H.E. Mr. Lennart Båge, as well as the Secretariat of the Fund, for the progress made in terms of IRM, which resulted in recommendations being presented to the Board at this meeting. However, it was noted that the IRM process has not been entirely transparent for all Board members.
9. The Co-Chairs reminded the Board of the successful seventh meeting of the Board and noted that much work is still needed to be done at the eighth meeting on a number of secondary, but important issues. It was made clear that the success of the Fund would be the defining element for the twentieth and twenty-first sessions of the Conferences of the Parties (COPs 20 and 21).

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

10. The Co-Chairs introduced the provisional agenda as set forth in document GCF/B.08/01 *Provisional Agenda*.

11. They informed the Board that the approach taken by the Co-Chairs in setting the provisional agenda for the eighth meeting followed decision B.07/10, whereby the Co-Chairs were requested to determine the priorities for the agenda of the eighth Board meeting in consultations with their constituencies, taking into account the outstanding issues listed in the footnote of document GCF/B.07/01/Rev.01 *Agenda*, the work plan of the Board adopted in decision B.05/19, and the mandates emerging from the decisions adopted at its seventh meeting.
12. The Secretary to the Board informed the meeting of the tentative timetable and other organizational matters.
13. Several Board members highlighted the need to separate the agenda from organization of work as such, with various concerns raised regarding the volume of agenda items to be covered during the present meeting.
14. After the Co-Chairs established that there was a quorum, the Board adopted the agenda as set forth in document GCF/B.08/01/Rev.01 *Agenda*, as follows:
 1. Opening of the meeting
 2. Adoption of the agenda and organization of work
 3. Adoption of the report of the seventh meeting
 4. Reports on activities
 - (a) Report on activities of the Co-Chairs
 - (b) Report on activities of the Secretariat
 5. Reports from committees, panels and groups
 6. Guiding framework and procedures for accrediting national, regional and international implementing entities and intermediaries, including the Fund's fiduciary principles and standards and environmental and social safeguards
 - (a) Guidelines for the operationalization of the fit-for-purpose accreditation approach
 - (b) Assessment, including gap analysis, of institutions accredited by other relevant funds
 - (c) Policy on fees for accreditation
 - (d) Identification of relevant potential international private sector best-practice fiduciary principles and standards and environmental and social safeguards
 - (e) Application documents for submissions of applications for accreditation
 7. Initial results management framework of the Fund
 - (a) Mitigation and adaptation performance measurement frameworks of the Fund
 - (b) Logic model and performance framework for ex-post REDD+ results-based payments
 - (c) Additional result areas and indicators for adaptation activities
 - (d) Role and expected impacts of the Fund in initial result areas

- (e) Board flagship projects cutting across adaptation result areas
 - (f) Indicators for country-driven policies
 - (g) Monitoring and evaluation policy
8. Additional modalities that further enhance direct access, including through funding entities
9. Country ownership
 - (a) No-objection procedure
 - (b) Best practices for the establishment and composition of National Designated Authorities and focal points
 - (c) Best-practice options for country coordination and multi-stakeholder engagement
10. Revised programme of work on readiness and preparatory support
11. Financial terms and conditions of grants and concessional loans
12. Use of other financial instruments
13. Private Sector Facility
 - (a) Potential approaches to mobilizing funding at scale
 - (b) Working with local private entities, including small and medium-sized enterprises
14. Initial resource mobilization
 - (a) Outcome of the first and second meeting of interested contributors to the Initial Resource Mobilization Process of the Green Climate Fund
 - (b) Policies for contributions:
 - (i) Initial Resource Mobilization pledging process
 - (ii) Initial Resource Mobilization period
 - (iii) Date of effectiveness
 - (iv) Trigger for the formal replenishment process
 - (v) Decision making
 - (c) Legal arrangements for contributions
15. Gender policy and action plan
16. Fund's initial investment framework
17. Initial approval process: Draft terms of reference of the independent technical advisory panel
18. Simplified processes for the approval of proposals for certain activities, in particular small-scale activities
19. Legal and formal arrangements with intermediaries and implementing entities, including policies on fees and payments

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20. Status of resources and the execution of the administrative budget:
 - (a) Status of resources
 - (b) Status of execution of the administrative budget
 21. Budget and staffing:
 - (a) 2015 administrative budget
 - (b) Annual update on the structure and staffing of the Secretariat
 22. Terms of reference of the Appointment Committee of the Board
 23. Administrative guidelines on human resources
 24. Commencement of annual reporting and the external auditing process
 25. Work plan of the Board for 2015, including outstanding issues from the 2014 work plan
 26. Methodology for decisions taken between meetings, including decisions approved between the seventh and eighth Board meetings
 27. Travel policy
 28. Administrative guidelines on procurement
 29. Fund's initial risk management framework: Survey of methodologies to define and determine risk appetite
 30. Trustee arrangements, including the review of the Interim Trustee and the initiation of a process to select the Trustee of the Fund
 31. Relationships with relevant United Nations Framework Convention on Climate Change thematic bodies, such as the Adaptation Committee and the Technology Executive Committee, as well as other climate finance entities and external bodies, including corporate and foundational partnerships
 32. Report for the Conference of the Parties, including the response to the guidance provided by the Conference of the Parties at its nineteenth session, and the institutional linkage between the United Nations and the Green Climate Fund
 33. Date and venue of the ninth Board meeting
 34. Election of Co-Chairs
 35. Other matters
 36. Closure of the meeting
15. The Board members discussed the organization of work. A Board member expressed concern at the volume and length of documents received by members shortly before the meeting. It was suggested that consideration be given to holding a fourth Board meeting in 2015 in order to complete the amount of work required. The same member proposed that finishing the work plan for 2015 and the footnoted items from the seventh meeting should be a priority for the eighth meeting.
16. One member suggested that the current practice of seeking the Co-Chairs' guidance before issuing documents be replaced by a practice whereby documents are drafted by the Secretariat in line with the terms of reference established by the Board, then circulated to all members, after which all comments are synthesized and the document issued. Several Board

members expressed support to discontinue the practice of Co-Chairs clearance of Board documents.

17. Other Board members requested that there should not be a proliferation of small groups but that where small groups are required, consideration should be given to ensuring effective participation by developing countries. Furthermore, there were requests to ensure that meetings do not run late and the Secretary to the Board noted a planned schedule of 08.00-18.30 daily.

18. A Board member recommended that the Board try to adopt the agenda for the next meeting before the end of the current meeting. Another Board member requested that the Secretariat ensure documents sent to members be in a user-friendly format.

19. One member also noted, in the context of the IRM process, that the Board had only mandated the Secretariat to prepare a programming document.

20. Following a request from a Board member, the Secretary to the Board provided information on the documents prepared for this meeting with regard to authorship and inputs provided by respective committees or groups of the Board.

21. The Secretariat provided details in response to a concern expressed by another Board member regarding decisions with long annexes attached. The Board member proposed that priority be given to those decisions which did not include very lengthy annexes.

22. After discussion, the organization of work was adopted as contained in the agenda.

Agenda item 3: Adoption of the report of the seventh meeting

23. The Co-Chairs drew the attention of the Board to the draft report of the seventh meeting of the Board (document GCF/B.07/Drf.02 *Draft Report of the Seventh Meeting of the Board, 18-21 May 2014*).

24. Board members were reminded that decisions taken between the sixth and seventh meetings of the Board were reflected in Annex XVIII to document GCF/B.07/Drf.02.

25. The Board was invited to adopt the report of the seventh meeting contained in document GCF/B.07/Drf.02, and to agree to publish the adopted report on the Fund's website.

26. One member reiterated the importance of receiving the reports of meetings of the Board shortly after the meetings.

27. The report was duly adopted as document GCF/B.07/12.

Agenda item 4: Reports on activities

A. Report on activities of the Co-Chairs

28. The Co-Chairs presented a verbal report on the activities they had undertaken between the seventh and eighth meetings of the Board.

29. As mandated by Board decision B.07/09, the Co-Chairs had worked with the Secretariat to identify a venue and host for the first IRM meeting, structure an agenda and issue invitations to the meeting.

30. The Co-Chairs attended the first and second IRM meetings, pursuant to decision B.07/09. It was noted that Mr. Jose Maria Sarte Salceda could not attend the second meeting in

Bonn. The Co-Chairs informed the Board that they were joined as observers in the IRM process by Board members nominated by their constituencies.

31. A Board member expressed concern that the Co-Chairs (along with observers and the Executive Director) were attending as observers, when they should be attending as full participants. It was highlighted that, when developing country Board members express their views in the IRM meetings, they are fully expressing the views discussed with their developing country constituencies.

32. The same Board member also noted that, through decision B.07/09, the Secretariat was mandated to prepare a programming document, and no other documents had been mandated. However, other documents had been prepared.

33. The Co-Chairs confirmed that both these points would be taken up under the relevant agenda item.

34. The Co-Chairs also informed the Board about the preparation of the eighth meeting of the Board. There had been intensive discussions on the preparation of the provisional agenda, before it was agreed upon by the Co-Chairs. The Co-Chairs noted that, as the Secretariat builds its capacity and staffing levels, the process of preparing meetings was becoming much smoother. This meant that the Co-Chairs could increasingly rely on the good work of the Secretariat.

35. The Board took note of the information provided by the Co-Chairs.

B. Report on activities of the Secretariat

36. A representative of the Secretariat presented document GCF/B.08/Inf.01 *Report on Activities of the Secretariat*. They summarized the main activities undertaken by the Secretariat from May to September 2014, which included support to the Board and its committees, outreach activities, and institution-building.

37. Several Board members raised questions and concerns regarding specific information contained in the report. A Board member highlighted the importance of the country-driven process and urged the Secretariat to report on initiatives taken and progress made to meet this fundamental objective.

38. On the issue of outreach activities, a few Board members called for more efforts to be undertaken by the Secretariat, especially in reaching out to developing countries, informing them of progress made by the Fund and what these countries can expect. Another Board member raised a question about the need to visit the cities mentioned in paragraph 16 of the report. The matter of the entry point for providing information regarding the Fund was also raised, and a member suggested that United Nations Framework Convention on Climate Change (UNFCCC) national focal points could be appropriate entities for this purpose.

39. Regarding eligibility criteria, a number of Board members drew attention to paragraph 14 of the report and made reference to decision 4/CP.19, in which the COP clarified this matter.

40. A Board member requested information on the procedure for the accreditation of observer organizations.

41. Two Board members raised questions about the outcome of a recruitment process involving a specific case of recruitment, and sought the advice of the General Counsel on the legal implications of addressing this issue. The General Counsel responded by referring to the Governing Instrument, which stipulates that “staff selection will be managed by the Executive

Director” and that may not be advisable for the Board to discuss individual recruitment cases in plenary.

42. Another member asked about an incident when an individual spoke on behalf of the Fund at a particular event, and at the same time represented another entity at the same meeting.

43. The Executive Director responded briefly to the questions raised and said that further clarification would be given when the relevant agenda items were considered. She referred to document GCF/B.08/10 *Revised Programme of Work on Readiness and Preparatory Support*, as well as document GCF/B.08/Inf.05 *Annual Update on the Structure and Staffing of the Secretariat*, in which clarification on some of the questions raised by Board members is provided.

44. Several members expressed satisfaction with the work carried out by the Secretariat and underlined the fact that impressive progress had been made in a short period of time with limited staff numbers.

45. Following these comments and guidance, the Board took note of document GCF/B.08/Inf.01 *Report on Activities of the Secretariat* and the agenda item was closed.

Agenda item 5: Reports from committees, panels and groups

46. The Co-Chairs opened the agenda item.

47. They reminded Board members that committees, panels and groups had worked between Board meetings, that some had held meetings just before this Board meeting and that they would continue to work during the meeting as per the RoP.

48. The Investment Committee, Risk Management Committee, Ethics and Audit Committee (EAC), Accreditation Committee and Private Sector Advisory Group (PSAG) provided a verbal report on their activities.

A. Investment Committee

49. Mr. Shri Dipak Dasgupta, Coordinator of the Investment Committee, briefed the Board on the activities of the Committee since the seventh meeting of the Board.

50. At the seventh meeting of the Board in Songdo, Republic of Korea, the Board adopted decision B.07/06 on the Fund’s investment framework.

51. The decision requested the Investment Committee to conduct further work on the development of the Fund’s initial investment framework. The Committee therefore responded to the Board’s request with document GCF/B.08/20 *Further Development of the Initial Investment Framework*, which addresses the following items in line with decision B.07/06, paragraph (c):

- (a) Definitions for activity-specific sub-criteria and a set of activity-specific indicators;
- (b) Minimum benchmarks for each criterion, taking into account the best practices of other institutions; and
- (c) Identification and comparison of methodologies that enable the Secretariat to assess the relative quality and innovativeness of comparable proposals in comparable circumstances.

52. The Investment Committee has held virtual meetings twice since the seventh meeting of the Board; the first meeting in August 2014, and the second in September 2014

53. At the first meeting, Committee members emphasized the need for the Fund, and specifically its investment framework, to send clear signals to countries on the types of projects in which it could invest. There was broad agreement among the Committee members that the investment framework would therefore need to be more operationally relevant for the eighth meeting of the Board.

54. The second virtual meeting in September 2014 was held to provide feedback and further guidance on an initial draft of the investment framework document. The PSAG was consulted on providing input and feedback from the private-sector perspective.

55. In addition to the work on the initial investment framework, the Committee provided feedback and input on documents GCF/B.08/21 *Initial Approval Process – Draft Terms of Reference of the Independent Technical Advisory Panel* and GCF/B.08/22 *Simplified Processes for the Approval of Proposals for Certain Activities, in Particular Small-scale Activities*.

56. The Committee met immediately before the start of the eighth meeting of the Board and further discussed document GCF/B.08/20 *Further Development of the Initial Investment Framework*.

B. Risk Management Committee

57. Mr. Irfa Ampri, Chair of the Risk Management Committee, briefed the Board on the activities of the Committee since the seventh meeting of the Board.

58. At its seventh meeting in Songdo, the Board decided to adopt the Fund's initial financial risk management framework. The Board also requested the Secretariat, in consultation with the Risk Management Committee, to prepare an analysis of the Fund's potential risk appetite under different key assumptions as part of its financial risk management framework.

59. Since the seventh meeting of the Board, the Risk Management Committee has met twice virtually and once in person to discuss the steps needed to undertake the work mandated by the Board.

60. Based on the work needed to determine the Fund's risk appetite, the Committee had developed a work plan consisting of five steps. These are:

- (a) Undertake a survey of methodologies used by the relevant institutions to define and determine their risk appetite;
- (b) Take a decision on the appropriate indicators and methodology to determine risk appetite;
- (c) Establish initial assumptions;
- (d) Undertake financial modelling and projections; and
- (e) Undertake continuous review of the model and projections.

61. As a first step, the Risk Management Committee oversaw the development of the survey of methodologies used by the relevant institutions to define and determine their risk appetite, which can be found in document GCF/B.08/32 *Initial Risk Management Framework: Survey of Methodologies to Define and Determine Risk Appetite*. The Committee discussed this document and agreed that it provided a good basis for proceeding with the remaining steps to determine

the Fund's risk appetite. Specific recommendations and feedback to the Secretariat would be provided when agenda item 29 is considered.

62. Furthermore, as part of its work plan, the Committee will oversee the development and implementation of a risk management framework that covers non-financial risks to the Fund.

C. Ethics and Audit Committee

63. Mr. Omar El-Arini, on behalf of Mr. Marcin Korolec, Chair of the Ethics and Audit Committee, briefed the Board on the activities of the Committee since the seventh meeting of the Board.

64. The Committee held a virtual meeting on 22 July 2014. At that meeting, the Committee discussed two items: accounting standards and external audit terms of reference.

(i) Accounting standards

65. Firstly, the Fund must determine which accounting standards it will follow in accounting for its income and expenditure and in the preparation and presentation of its financial statements. Generally, the choice is between three standards: the International Financial Reporting Standards (IFRS), the International Public Sector Accounting Standards and US Generally Accepted Accounting Principles. The EAC reviewed a document prepared by the Secretariat which outlined and compared the three standards.

66. The EAC decided at its meeting on 22 July 2014 to recommend to the Board that it adopt IFRS as the accounting standard to be adopted by the Fund under agenda item 24.

(ii) Terms of reference of the External Auditor

67. Secondly, at its February 2014 meeting, by decision B.06/03, the Board determined that the terms of reference of the External Auditor would be developed by the Secretariat and approved by the Board on the recommendation of the EAC.

68. Draft terms of reference were prepared by the Secretariat and reviewed by the EAC at its meeting on 22 July 2014. The draft terms of reference were subsequently modified, based on feedback from the EAC. The EAC agreed on a final version on 19 September 2014, to be recommend for approval by the Board under agenda item 24.

D. Accreditation Committee

69. The Chair of the Accreditation Committee, H.E. Amb. Jan Cedergren, gave an update on the work of the Committee.

70. He stated that the Committee had overseen the development of the accreditation package to be considered by the Board at the present meeting.

71. The four members of the Accreditation Committee were introduced: Mr. Patrick McCaskie (Barbados), Mr. Arnaud Buisse (France), H.E. Amb. Jan Cedergren (Sweden) (Chair), and Mr. David Kaluba (Zambia).

72. The Chair acknowledged that the accreditation expert group had also worked on accreditation documents over the past couple of months, GCF/B.08/02 *Guidelines for the Operationalization of the Fit-for-purpose Accreditation Approach* and document GCF/B.08/03

Assessment of Institutions Accredited by Other Relevant Funds and Their Potential for Fast-track Accreditation.

73. On behalf of the Accreditation Committee, Amb. Cedergren thanked the Secretariat for its work on all the accreditation documents.

74. He recalled that the Accreditation Committee nominated six experts to the Accreditation Panel, and that the list of nominations, including the CVs of the candidates, had been circulated to the Board a few weeks previously. He indicated that the Accreditation Committee was seeking endorsement by the Board of the nomination of five accreditation experts to the Accreditation Panel. One withdrew their candidacy due to a potential conflict of interest. The Chair recommended that the sixth candidate be recruited following the Board's eighth meeting, and – following nomination by the Accreditation Committee – be endorsed by the Board shortly thereafter.

75. Amb. Cedergren indicated that six documents on accreditation had been prepared for this meeting, most importantly document GCF/B.08/02 *Guidelines for the Operationalization of the Fit-for-purpose Accreditation Approach* and document GCF/B.08/03 *Assessment of Institutions Accredited by Other Relevant Funds and Their Potential for Fast-track Accreditation*. He also mentioned that the private sector is an important player, but the Accreditation Committee recognized that more work is needed on this issue.

76. It was also stated that the Accreditation Committee had, in addition, produced a progress report on its activities.

77. He emphasized that the accreditation framework needed to provide a robust framework, while at the same time enabling access by developing countries in a way that is not cumbersome for them.

78. Finally, he noted that the Accreditation Committee stood by the documents in principle, but that some details, which were not big issues, needed to be discussed during the review of the documents under relevant agenda items.

E. Private Sector Advisory Group

79. Mr. Zaheer Fakir, Co-Chair of the PSAG, presented document GCF/B.08/43 *Report of the Private Sector Advisory Group to the Board of the Green Climate Fund*.

80. The first meeting of the PSAG was held in April 2014 in Geneva, Switzerland. Following this meeting, the PSAG produced a report, and the Board agreed that this would be discussed at the eighth meeting of the Board. The second meeting took place from 10-12 September 2014 in Cape Town, South Africa, and was chaired by Mr. Stefan Marco Schwager and Mr. Zaheer Fakir. They were joined by alternate member of the Board, Mr. C. Alexander Severens, and seven PSAG experts. Three experts were unable to attend, but had provided input through electronic means. Support was provided by three members of the Secretariat.

81. Mr. Brandon Wu, Ms. Gwen Andrews and Mr. Abyd Karmali joined as active observers.

82. Four items were considered and each one included a recommendation to the Board to be reviewed under the relevant agenda items. The four items were:

- (a) Use of other financial instruments;
- (b) Mobilizing funds at scale;
- (c) Working with local actors; and

- (d) The Fund's initial financial risk management: risk appetite methodologies.
83. The PSAG provided four sets of recommendations in documents:
- (a) GCF/B.08/37 *Recommendations from the Private Sector Advisory Group: Private Sector Facility: Mobilizing Funds at Scale*;
- (b) GCF/B.08/38 *Recommendations from the Private Sector Advisory Group: Private Sector Facility: Instruments to Mobilize Private Sector Resources*;
- (c) GCF/B.08/40 *Recommendations from the Private Sector Advisory Group: Private Sector Facility: Engaging Local Private Sector Actors, including Small-and Medium Sized Enterprises*; and
- (d) GCF/B.08/41 *Private Sector Advisory Group: Initial Recommendations on the Development of the Fund's Risk Appetite*.
84. The PSAG also considered private best-practice fiduciary standards and environmental and social safeguards under accreditation.
85. Unfortunately, the PSAG was not able to have any interaction with the Accreditation Committee, but it did provide recommendations.
86. Given the number of high level managers involved in the PSAG, there was an urgent need to establish a stable and predictable annual schedule for the Group.
87. The PSAG also expressed a desire to assess how it could continue obtaining support from the Secretariat.
88. Concluding agenda item 5, the Co-Chairs noted that the reports help the Board to realize how the committees, panels and group structure, assisted by the Secretariat, support the work of the Board. It was confirmed that the Board would have the opportunity to return to the reports under relevant agenda items.
89. The Board took note of the verbal reports of the Risk Management Committee, Investment Committee, EAC, PSAG and Accreditation Committee.

Agenda item 6: Guiding framework and procedures for accrediting national, regional and international implementing entities and intermediaries, including the Fund's fiduciary principles and standards and environmental and social safeguards

A. Guidelines for the operationalization of the fit-for-purpose accreditation approach

90. The Co-Chairs opened the agenda item, initially focusing on sub-item 6 (a).
91. A representative of the Secretariat introduced document GCF/B.08/02 *Guidelines for the Operationalization of the Fit-for-purpose Accreditation Approach*.
92. The Co-Chairs invited Board members to share their comments on the proposed decision. Several Board members emphasized the importance of this issue in opening the Fund for business soon and enabling it to achieve its vision of effecting a paradigm shift to low-carbon, climate-resilient development. Several Board members noted that the

fit-for-purpose accreditation approach should expedite direct access for national institutions. A Board member emphasized that direct access is important to incentivize and empower developing countries to use their own skills and capacities to shift the business models of existing agencies to be more responsive to the needs of developing countries.

93. Several Board members emphasized the need to learn from the experiences of accreditation processes in existing agencies. A representative of the Secretariat acknowledged the need to learn lessons and explained that lessons learned from other entities were used in developing the document. The representative also noted that although the accreditation process could be cumbersome, it was ultimately empowering to countries.

94. A Board member emphasized the importance of ensuring that developing country institutions, especially in least developed countries (LDCs), be provided support in order to meet accreditation standards. He further proposed that the Secretariat report on the work being conducted to accredit institutions in the most vulnerable countries, suggesting that this would be an important measure of success. A representative of the Secretariat noted that readiness and preparatory support was designed with this consideration in mind, and noted that the Secretariat was developing a self-assessment tool that would help institutions to assess any gaps in their compliance with accreditation requirements.

95. Several specific comments, suggestions and questions were raised by Board members. One noted that the experiences of the International Finance Corporation (IFC) highlight the importance of adequate monitoring and oversight to ensure the performance of financial intermediaries. Several Board members affirmed the need for monitoring, evaluation and oversight of implementing entities and of intermediaries to ensure that they hold their executing agencies accountable. The option to downgrade or withdraw accreditation in the event of non-compliance was proposed. Questions were raised as to who would conduct monitoring and oversight.

96. A representative of the Secretariat confirmed that monitoring and oversight would be provided by the Secretariat, led by the monitoring and evaluation expert, at the level of the entire accreditation process, and at the level of each accredited entity. He also noted that the legal agreement between the Fund and an accredited entity, as set out in document GCF/B.08/23 *Legal and Formal Arrangements with Intermediaries and Implementing Entities*, would require a review of the entity and allow for the downgrade or removal of accreditation, if needed.

97. Several Board members asked how the categories for scale were developed. A Board member proposed that the scale categories should look not at the size of contributions from the Fund, but rather at the total project size. The Board member noted that this is the approach used by the Global Environment Facility (GEF). A representative of the Secretariat explained that the choice to use the contribution from the Fund was made as it was seen as a proxy for project size, and that it is the portion within the Fund's control.

98. A question was raised regarding who would conduct the assessment of risk category of a project, and how the performance standards in the environmental and social safeguards (ESS) would work in practice. One Board member pointed out that there were gaps between the Fund's ESS and the COP decisions on safeguards for REDD+.

99. A representative of the Secretariat clarified that the accredited entity has to assess the risk category of the project, but the Fund has an internal ESS expert who reviews the assessment and ensures that it makes sense. He added that a review of compliance with ESS would be conducted for each project proposal. He further reminded Board members that the ESS are an interim measure and the Fund would develop its own ESS policy. A Board member

proposed that the criteria for accreditation should look not only at the category of environmental and social risk, but also at sectoral expertise.

100. Board members also noted the need to reference the gender policy and include a mandatory gender assessment as part of accreditation requirements.

101. Several Board members called for more clarity on what is meant by a “limited track record”. The option of an observation period, during which accreditation would be delayed, was suggested. One Board member noted that Category B projects could be the most challenging to deal with and recommended that preference be given to the assessment of entities against categories A and C. Another Board member suggested that more frequent reviews or disbursement of funding in tranches could be adequate.

102. A Board member noted the importance of the Accreditation Panel, and suggested that it would be preferable to have more fiduciary expertise on the Panel. Board members also called for a clearer articulation of the intended timeline for the accreditation process.

103. Board members recalled the commitment expressed in decision B.07/02 to issue a call for institutions to apply for accreditation soon after the eighth meeting of the Board, noting that it would be an important signal in the lead-up to COP 20 in Lima, Peru.

104. A civil society organization (CSO) active observer noted that they had received many inputs from CSOs from the Global North and South and so was speaking on their behalf. It was stressed that there was strong support for the fit-for-purpose approach for direct access, ensuring they have capacity to manage risks. In addition, it was recommended that a number of changes should be made to the draft guidelines.

105. The Co-Chairs requested that the Accreditation Committee work with the Secretariat in addressing the comments raised by Board members, and to come back to the Board with a final decision. The Co-Chairs then adjourned the agenda sub-item.

106. The Co-Chairs re-opened the agenda item and called on the Chair of the Accreditation Committee, Amb. Cedergren, to introduce the revised draft decision which was circulated. Amb. Cedergren explained that the Committee had consulted with many Board members and attempted to address the concerns raised. The Co-Chairs called for comments by the Board. Board members raised a number of points on the revised text. In particular, there were opposing views regarding the accreditation of bilateral agencies, and possible conditions for their accreditation. The Co-Chairs requested that the Committee consult and find a solution, and adjourned the agenda item.

107. The Co-Chairs re-opened the agenda item and asked for an update from the Chair of the Committee. Amb. Cedergren explained that there was agreement on everything except paragraphs 23–26. He suggested that the only solution would be to delete them.

108. The Co-Chairs put this suggestion to the Board, and decision B/08/02 was adopted.

B. Assessment, including gap analysis, of institutions accredited by other relevant funds

109. The Co-Chairs opened agenda sub-item 6 (b).

110. A representative of the Secretariat drew attention to document GCF/B.08/03 *Assessment of Institutions Accredited by Other Relevant Funds and Their Potential for Fast-track Accreditation*.

111. The Co-Chairs invited comments from Board members. Board members largely concurred on the importance of the fast-track accreditation process to send the right signals and to ensure the rapid accreditation of a wide range of institutions across many countries. Several Board members emphasized that supporting developing country institutions is a priority, and called for the provisions for country ownership to be strengthened. It was noted that countries should choose which entities they wish to work with. Board members also emphasized that there should be no automatic accreditation; all institutions must meet the standards.

112. Board members raised a number of suggestions and changes:

- (a) The gap analysis should take into account gender considerations;
- (b) Inclusion of a timeline in the fast-track process, and that a definition of fast-track accreditation be added;
- (c) A national institutions could be supported to address any identified gaps through the Fund's readiness and preparatory support programme;
- (d) Encourage or require accredited international implementing entities to put in place a capacity-strengthening process to build national institutions so that they could apply for accreditation as it was noted that LDCs were under-represented in the list of entities eligible for fast-tracking;
- (e) A very specific targets for such an approach, to be used on a competitive basis;
- (f) Add track record on climate-related activities as part of the assessment.

113. Several Board members suggested that the Board should have a policy-level discussion around how to engage with international and bilateral institutions. Another suggested expanding this to look at all non-national institutions. It was noted by one Board member that international institutions should demonstrate the value they bring to the Fund.

114. A Board member noted that there are existing agencies with a successful track record in dealing with climate change issues and suggested aiming to accredit several international agencies in early 2015 that could implement projects on an incremental cost basis. A Board member noted the importance of drawing on lessons from existing institutions and experiences within and outside the climate change domain, and aiming to improve their track records.

115. A Board member proposed some changes to reflect that entities accredited by the Adaptation Fund (AF) and the Directorate-General Development and Cooperation – EuropeAid of the European Commission (EU DEVCO), would have to go through a full review against the Fund's ESS. Another Board member pointed out that some GEF partner agencies do not comply with the GEF ESS requirements, and that these should not be eligible for fast-tracking.

116. It was suggested that an open invitation for entities to apply for fast-track accreditation be added. A Board member expressed the need to get some specific recommendations from the Accreditation Panel on entities to be accredited by the next meeting.

117. On the invitation of the Co-Chairs, a CSO active observer gave a statement expressing general support for the fast-tracking of entities, but raising several concerns and suggestions. These included:

- (a) The need for a clear definition of fast-tracking;
- (b) The importance of giving due regard to national entities and providing them with readiness support to fill any gaps;
- (c) A call for clarity on what is meant by "comparable standards";

- (d) Concern regarding entities that are not in compliance with the GEF ESS;
- (e) The need for the gap analysis to not just look at ESS Performance Standard 1, but also Performance Standards 2-8; and
- (f) The importance of public consultation on the fast-tracking of every entity.

118. A private sector organization (PSO) active observer gave a statement proposing that the accreditation process be the same for private and public sector entities and noting that many private sector entities, including those accredited by the IFC, would be able to be fast-tracked quickly, as they were more regulated than public entities.

119. The Co-Chairs requested that the Accreditation Committee, with the support of the Secretariat, make revisions to the decision in consultation with Board members, and adjourned the agenda item.

120. The agenda item was re-opened and the Co-Chairs called for an update from the Chair of the Accreditation Committee, Amb. Cedergren. He introduced a revised draft of the decision text and explained that the Committee had consulted with many Board members and attempted to address their concerns. The Co-Chairs invited comments from Board members. Board members expressed thanks for the improved draft. One Board member raised a few specific suggested changes to the text. The Co-Chairs requested the Secretariat to revise and circulate new text, and adjourned the discussion.

121. The Co-Chairs called the Board's attention to the revised text and a representative of the Secretariat summarized the changes. The Co-Chairs called for a decision and the revised text was adopted by the Board.

C. Policy on fees for accreditation

122. The Co-Chairs opened sub-item 6 (c).

123. On the invitation of the Co-Chairs, a representative of the Secretariat introduced document GCF/B.08/04 *Policy on Fees for Accreditation*.

124. Several Board members expressed support for the proposal to waive fees for small island developing states (SIDS) and LDCs, and for those that will receive readiness support from the Fund. Some suggested waiving fees for all national entities.

125. Several Board members requested an explanation from the Secretariat on the justification of the proposed fee structure, and suggested looking at the fees of other institutions as a guide. Board members also requested clarifications on the costs of the accreditation process, and whether the fees were designed to recover the costs. Some Board members also questioned whether the scale categories applied to projects only, or to both projects and programmes. Board members also questioned the approach of requiring entities to pay fees upfront, and raised the possibility of implementing a phased approach.

126. A representative of the Secretariat explained that the fee structures of other institutions had been considered in drawing up the fee policy, and that the rationale was to charge fees in a way that takes into account the financial capacity of an institution, thus ensuring partial cost recovery without being prohibitive to lower-capacity institutions. He clarified that the expected cost of the process would be significantly higher than the amount recovered through fees, given the extensiveness of the process and type of expertise that would need to be contracted. He further clarified that the scale categories refer to individual projects. On the timing of payments, he noted that payment up front is easier to handle from an operational perspective. The

Co-Chairs requested the Secretariat, in consultation with the Accreditation Committee, to revise the decision text to address the issues raised, and adjourned the agenda item.

127. The Co-Chairs re-opened the agenda item and drew the Board's attention to the revised decision text, and invited comments. Several Board members expressed the view that the accreditation fees should be waived for all developing country institutions, not only SIDS and LDCs. Other Board members expressed a different view, stating that the proposed fees were small in comparison with the amount that institutions would be able to access from the Fund. A compromise was proposed that fees be waived for all developing country institutions in the micro-scale category only.

128. The Co-Chairs proposed a decision on the text that included this amendment.

129. Decision B.08/04 was adopted.

D. Identification of relevant potential international private sector best-practice fiduciary principles and standards and environmental and social safeguards

130. The Co-Chairs opened sub-item 6 (d).

131. A representative of the Secretariat presented the document and indicated that a scoping exercise had revealed that multilateral development banks (MDBs) had fiduciary standards and ESS that could be considered as international best practice. The document proposed to go further in the analysis, identify financial institutions with standards comparable to those of the Fund and provide recommendations on their potential for accreditation or fast-tracking at the next Board meeting. These institutions could include MDBs, International Development Finance Club (IDFC) members or the Equator Principles Financial Institutions (EPFIs).

132. A Board member emphasized the importance of accrediting private sector entities in developing countries, as they have local networks for advancing the Fund's reach and impact, and an understanding of local contexts and opportunities in ways that others do not. They noted that the document found no gap between the Equator Principles and Fund requirements. However, it was also observed that the Equator Principles are a voluntary standard, so there is no certainty on compliance. The same Board member proposed reaching out to EPFIs and inviting them to apply for accreditation as a starting point to reaching the tens of thousands of private sector actors that exist, noting that one third of the EPFIs are in developing countries. They also suggested inviting other public institutions with a strong track record of working with the private sector to apply for accreditation, noting that this would create incentives for institutions that want to improve.

133. A Board member noted that the views expressed by PSAG members during consultations in the drafting of the document did not constitute a formal recommendation from the PSAG, and that the decision should be revised to reflect this. Another Board member pointed out that recommendations provided by the PSAG in document GCF/B.08/38 should be reflected in the document.

134. Several Board members emphasized that it is important to ensure that the process is the same for private and public sector entities, and that this be made explicit. A Board member highlighted that the process should target local private sector actors.

135. Some Board members emphasized the importance of working with the bilateral development finance institutions (DFIs) that work with private sector entities, including the members of the IDFC, as well as European Development Finance Institutions (EDFIs). Other

Board members expressed reservations about working with bilateral DFIs, and re-iterated the suggestion of developing a policy on how the Fund engages with bilateral agencies. A Board member questioned the inclusion of MDBs, IFIs and IDFC members in the decision, given that they are not private sector entities, noting that the due diligence process of an MDB is not the same as an accreditation process. Another Board member suggested that there should be an analysis to determine whether the MDBs are really upholding their ESS. A Board member suggested adding a request to the Secretariat to identify other private sector best-practice standards to consider.

136. The PSO active observer provided an update on related PSAG discussions, but stressed that this was not a formal PSAG recommendation. They agreed with the opinion of some Board members that there is no need for a separate accreditation process for the private sector. Regarding the accountability of PSOs, it was observed that many PSOs are more regulated than development finance banks, meet regulatory requirements in their countries, and are already accredited to IFC standards. It was proposed that these be fast-tracked. Several benefits of including PSOs in the accreditation process from the start were highlighted, including increasing reach, skills and capacity in developing countries, incentivizing paradigm shifts and exposing the organization to healthy competition.

137. The CSO active observer believed that there were serious issues with the document and decision, and recommended that it not be adopted. They stated that there was no need for a separate process for PSOs. Furthermore, they suggested that the IFC and Equator Principles (EP) standards referred to in the document do not represent best practice in the field. They noted that Annex II to the document sets out new standards and undefined concepts, which should not be introduced there. They were concerned about a lack of clarity in the entities which can be considered for fast-tracking, and urged that PSOs undergo the full accreditation process of the Fund. They questioned the reasons for giving special treatment to EPFIs, as the EPs are voluntary, and MDBs, as they are not effective in meeting the needs of people in developing countries.

138. The Co-Chairs requested that the Accreditation Committee work with the Secretariat in addressing the comments raised in a revised draft decision, and the agenda item was adjourned.

139. The Co-Chairs re-opened the agenda item and requested the Secretariat to provide an update. A representative of the Secretariat explained how the comments had been addressed in the revised decision, noting that it had been considerably cut back. The Co-Chairs invited comments from the Board members. A Board member suggested removing the annex with the list of EPFIs, which had become superfluous. A Board member suggested re-introducing a paragraph that had been deleted, requesting the Secretariat to provide recommendations on the potential accreditation or fast-tracking of private sector entities for the Board at its first meeting in 2015.

140. The Co-Chairs asked the Board if they would accept these changes. There were no objections and decision B.08/05 was adopted.

E. Application documents for submissions of applications for accreditation

141. The Co-Chairs opened agenda sub-item 6 (e).

142. A representative of the Secretariat introduced document GCF/B.08/06 *Application Documents for Submissions of Applications for Accreditation*.

143. Several Board members expressed the wish to accredit institutions in 2015. Some Board members noted that it would be important for many countries to allow entities to submit applications in languages other than English, and suggested allowing submissions in all official languages of the United Nations. A question was raised about the completion of the application form for the fast-track process. A Board member suggested adding a section requiring entities to demonstrate how they will add value in contributing to the Fund's objectives. Some Board members suggested adding a timeline. It was noted by a Board member that some time for the approval of accreditation applications should be factored into the Board's work plan for 2015.

144. A representative of the Secretariat explained that the application portal would be the same for regular and fast-track accreditation, but entities eligible for the fast track would not have to complete all the parts of the application. He further noted that the Secretariat would work through the national designated authority (NDA) or focal point in countries to reach out to prospective applicant entities and provide them with information. He explained that the Secretariat was working on a guidance document that would help explain the process and would have two accreditation specialists on hand to help applicants through the process. He noted that there would be an online as well as an offline application portal, which was already under construction.

145. The Co-Chairs requested the Secretariat to address the comments raised in a revised draft decision, and adjourned the agenda item.

146. The Co-Chairs re-opened the agenda item and called for an update from the Secretariat. A representative of the Secretariat explained how the comments received had been addressed.

147. The Co-Chairs requested the Board to adopt the decision, and it was adopted as decision B.08/06.

Agenda item 7: Initial results management framework of the Fund

A. Sub-item 7(a), 7(c) – 7(g)

148. The Co-Chairs opened the agenda item.

149. A representative of the Secretariat drew attention to document GCF/B.08/07 *Further Development of the Initial Results Management Framework*. In the initial comments several Board members noted that the present version of the document represented significant progress since the last Board meeting, but that further work would be needed in some areas.

150. A Board member emphasized the need for technology transfer, in line with paragraph 38 of the Governing Instrument. The Board member recommended that technology transfer be made into a result area with related indicators for a number of facilities created to produce locally-transferred technologies or a number of projects that include technology transfers. The same Board member also emphasized the need for adaptation indicators covering tourism and fisheries, both of which were stated to be of interest to LDC and SIDS constituencies.

151. Several Board members expressed concerns regarding proposed indicator 5.1 on the number of regulations or policies introduced or adjusted to address low-emission planning and development and climate change risks. Concerns revolved around the effectiveness of the indicator to measure meaningful regulatory policy change.

152. Divergence was apparent on a proposed indicator for adaptation leverage and co-financing. Several Board members recommended that it be included as a core indicator,

whereas other members noted that an adaptation co-financing and leveraging indicator was discussed and rejected at the seventh Board meeting. A CSO active observer also noted that co-financing and leveraging in adaptation had failed to achieve consensus at the seventh meeting of the Board.

153. Other issues raised included the need for further inclusion of gender sensitivity indicators, results-based financing, health measures and resilient infrastructure, among other things.

154. The CSO active observer proposed specific changes to the text and suggested that the mitigation and adaptation performance measurement frameworks be revised and considered at a later meeting due to significant shortcomings. The observer also mentioned the need for gender sensitivity to be measured and aggregated at Fund level.

155. A separate line of discussion from the mitigation and adaptation performance measurement frameworks dealt with Board mandates through previous decisions to address the role and expected impacts of the Fund, additional adaptation results areas, and Board flagship projects for adaptation. A Board member stated that the current iteration of the document did not adequately address the mandate on these issues. Another Board member added that the document understated the adaptation funding gap in the expected impacts and role section. A third member expressed doubt as to the relevance of the expected impacts and role within the document, citing the ongoing discussions at COP level.

156. The Co-Chairs noted that there were areas of consensus within the mitigation and adaptation performance measurement frameworks that represented value added for the Fund, and that those areas should be captured and preserved. Several proposals were put forward by Board members to move ahead with the necessary improvements to reach consensus on the performance measurement framework. The Co-Chairs further noted that there were areas of the framework that needed to be deferred for further work by the Secretariat, with guidance from the Board.

157. The Board agreed to a proposal put forward by the Co-Chairs that incorporated elements of different Board member proposals for a way forward. The Secretariat was mandated to incorporate feedback already received from Board members in plenary and previously taken in writing. The mandate focused on those areas of likely consensus and added value, and there was agreement that subsequent work and Board discussion would be needed on areas outside the mandate. With a firm understanding of the Board's work mandate to the Secretariat, the agenda item was suspended for later consideration by the Board.

158. The Co-Chairs reopened the item.

159. A representative of the Secretariat presented the draft decision of the Board on agenda sub-items 7 (a), (f) and (g) and the draft decision proposed by the Board members representing Africa on agenda sub-items 7 (c), (d) and (e).

160. There were no objections and both draft decisions were adopted in decision B.08/07.

B. Sub-item 7(b)

161. With regard to agenda sub-item 7 (b), the Board considered document GCF/B.08/08 *Initial Logic Model and Performance Measurement Framework for ex-post REDD+ Results-based Payments* as introduced by a representative of the Fund's Secretariat.

162. Several members of the Board provided comments regarding the document. Members indicated that the document demonstrated significant progress on the subject. However, they

indicated that it still needed additional revision. Members offered their support for improving the document during the meeting so that a Board decision could be made.

163. Board members' comments emphasized several aspects of the document. A member indicated that though it is understandable that the structure of the document was designed to be similar to the overall mitigation logic model, this presented some challenges in the context of results base payments (RBP). Several members commented that the importance of non-carbon benefits had not been recognized in this document. This issue was noted as important to high-forest/low-deforestation countries and also important in recognizing the multiple values of forests. Another member stated that REDD+ should be recognized for its potential impacts on local people and their livelihoods. A point was made that safeguards for REDD+ and for the Fund might be different and not necessarily compatible.

164. Several members of the Board commented that there was a need for finance for REDD+ activities upfront, and this model should not preclude this role of the Fund. Another member indicated that the use of the term ex-post was not found in COP decisions on REDD+, so this raised some questions about consistency between the Fund and the UNFCCC.

165. A representative of the Secretariat provided further information on the issues raised, including the issue of non-carbon benefits, clarifying that methodological guidance for non-carbon benefits had not been provided by the COP. The representative also commented on the fact that the document was focused on results-based payments and indicated that this did not preclude the Fund from providing ex-ante finance for REDD+ activities.

166. A CSO active observer commented that not all forest-related funding should be considered REDD+ and that it was necessary to consider non-carbon benefits. The PSO active observer indicated that RBP were a particularly appropriate way for the private sector to engage in mitigation and urged the members to reach a decision on this topic in order to stimulate investments by the private sector.

167. The Co-Chairs called on the Secretariat to consult with the members of the Board to revise the document in a way that would allow for a decision at the end of the present meeting.

168. The Co-Chairs reopened the item and a revised draft decision was circulated. The Co-Chairs noted that there had been extensive consultations, and that there appeared to be broad agreement on the document. Several Board members expressed support for the document based on consultations and revisions made during the meeting of the Board.

169. A Board member stated that the document language referring to "ex-post" and "sustainable forest management" was not consistent with COP decisions taken in Warsaw. Another Board member requested that the annex containing the background discussions be removed because the Board had not had a chance to thoroughly review the contents and their potential implications.

170. The Co-Chairs asked if there was consensus to take the decision, and a Board member replied that the REDD+ decision could not be taken until a results management framework decision was seen. The Co-Chair suspended the item and plenary was adjourned for the day.

171. The Co-Chairs reopened the item.

172. A representative of the Secretariat presented the revised document GCF/B.08/08/Rev.01 *Initial Logic Model and Performance Measurement Framework for REDD+ Results-based Payments*, including the draft decision.

173. The decision was adopted as decision B.08/08.

Agenda item 8: Additional modalities that further enhance direct access, including through funding entities

174. The Co-Chairs opened the agenda item.
175. A representative of the Secretariat drew attention to document GCF/B.08/09 *Additional Modalities that Further Enhance Direct Access, Including through Funding Entities*.
176. The Co-Chair of the Accreditation Committee, Amb. Cedergren, advised the Board that a pilot approach was a secure way to move ahead, and this was supported by another member of the Committee.
177. Many Board members thanked the Committee for a very good document.
178. Several members interpreted this item as an issue of decentralization of the use of Fund funds or a devolution of decision-making authority. In this context, some Board members enquired about the purpose of this and the manner in which it would be executed. Some Board members argued for this to be undertaken now through a pilot approach, which is innovative, and to delegate direct access to countries and communities to maintain the principle of a country-driven approach. The CSO observer noted that enhanced direct access is key to the Fund's transformational mission.
179. Other Board members argued that delegating direct access could be carried out in the long term and that it was premature to do so without first learning from the experience of direct access. They also argued that there needed to be more clarity on the form such pilot schemes would take, a point echoed by the PSO active observer, and proposed that terms of reference be developed by the Secretariat for such pilot initiatives for consideration by the Board at its next meeting.
180. A Board member stated that it was premature to have a pilot at this stage. It was suggested that since a programmatic approach is not especially innovative, perhaps a pilot was not needed and it would be possible to move directly to a project proposal.
181. Several Board members underlined that direct access is a very important subject for developing countries and stressed that it is a defining trait of the Fund, as expressed in paragraphs 31 and 47 of the Fund's Governing Instrument. It was highlighted that this matter had been pending for two years and must be resolved as soon as possible. A question was raised about the difference between direct access and enhanced direct access. It was suggested that this distinction was less important than reaching local communities.
182. The Co-Chairs confirmed a consensus among members to move forward on developing modalities for further enhanced direct access. They referred the item to the Accreditation Committee, with the support of the Secretariat, for consideration and requested a revised draft of the decision be brought back to the Board, taking into account the views expressed by Board members.
183. The Co-Chairs re-opened the agenda item.
184. The Chair of the Accreditation Committee, Amb. Cedergren provided a report following their consultations with other Board members, and presented the revised draft of the decision. The Co-Chairs thanked the Accreditation Committee for their work in revising the draft decision following consultations. One Board member suggested that the terms of reference include the financial volume of the pilot phase, in addition to the five terms already included.

185. The Co-Chairs put the draft decision, including the addition of the financial volume of the pilot phase in the terms of reference, to the Board for consideration, and it was adopted as decision B.08/09.

Agenda item 9: Country ownership

186. The Co-Chairs opened the item and drew the Board's attention to document GCF/B.06/07 *Country Ownership*, presented at the sixth meeting of the Board, and reminded them of the agreement to form a small group. The group's facilitator, Mr. Omar El-Arini, was invited to report back to the Board.

187. Mr. El-Arini reported that incremental progress had been made, but an impasse had been reached within the group, although two options had been proposed by two members of the group.

188. Several Board members expressed concern about the lack of progress on this issue, noting the essential need for a decision before the Board considers programmes or projects for approval. It was noted by one Board member that there had been extensive guidance from the COP on this subject since 2011 in Durban. The Board member said it was a matter of regret that there had been no document from the Secretariat on a no-objection procedure.

189. A Board member proposed a compromise: on the no-objection measure, countries should be able to choose a time-lapse procedure or an explicit no-objection procedure. Several countries agreed that this was a good option. One member noted that in United Nations terminology, the French translation for no-objection is "approbation tacite", or tacit approval; if no response is given within a certain timeframe, this is taken to constitute approval. There would be many possibilities to say more time is needed, and to send a good message.

190. A Board member noted that from their experience, when resources come to a country there must be an express decision about whether to receive funds, as an investment or otherwise, and there must be a firm confirmation in writing. This must be within the context of national country programmes and objectives.

191. Another Board member noted that accepting funding is a sovereign decision, and noted the risk that communications may not be received or acted upon. A member of the small group stressed that a time lapse is not a decision; another suggested that the lapse of time may cause risks in some countries, and that each country has the right to define its own risks and find a way forward.

192. Several Board members stressed that this is about much more than the no-objection procedure and much more is needed on the other elements of the decision. A member of the small group stressed that the first of their written inputs on the decision had been presented to the group in April 2014. They requested that the draft be shared with the Board; another member of the group objected to the proposal as there was no agreement on the text proposed in April within the group. The same member noted that the Multilateral Investment Guarantee Agency allows countries to choose whether to have a written letter of no-objection, or a tacit no-objection, and 90 per cent of developing countries had chosen the tacit option; they further noted that there was no point in reconvening the small group, as it had not been able to reach agreement.

193. Several Board members noted that the need for a written no-objection was a point of consensus within the developing country constituency (or a point of no-consensus within the small group). A CSO active observer echoed the importance of a written no-objection procedure, especially to ensure adequate due diligence and stakeholder engagement to avoid projects that

have negative impacts which would have major reputational risks for the Fund. They also noted that disagreement on the no-objection procedure should not hold up other elements of the decision, emphasizing the need for the elements of good practice on NDAs and stakeholder engagement.

194. A member of the Board then requested that their proposal for a decision on ownership be shared with the Board. The Co-Chairs consulted with the General Counsel and confirmed that this was possible, and that any member of the small group who wished to circulate a document would be welcome to do so. Two members of the Board noted that they would like their draft decisions to be circulated to the Board.

195. The Co-Chairs reopened the item, and the Secretary to the Board noted that one of the Board members had asked for more time to prepare inputs for circulation to the Board, and therefore proposed that the agenda item be delayed. A Co-Chair said that this was not an option.

196. Copies of the draft decision proposed by Mr. Omar El-Arini were circulated to Board members. In parallel, it was announced that the draft decision text prepared by alternate member of the Board, Mr. C. Alexander Severens, was now available for circulation. Copies of this text were also prepared for circulation to the Board. The Board then reconvened. Some Board members expressed concerns about the split differences of opinion between developed and developing country positions that had emerged in the preparation of the two different decisions, which did not reflect the preferred way for the Board to work.

197. A PSO active observer expressed concerns about the need for a letter of no-objection to accompany the funding proposal. The Board members confirmed that the two documents circulated had not been discussed substantively within the small group. The document from Mr. Severens had been updated overnight to include inputs from the developed country constituency.

198. In the time that passed, however, during preparation of the documents for circulation, it had been possible for the two Board members to discuss their various positions further. The members concerned advised that if they were able to meet over lunch, and reconcile the proposals, it might be possible to reach an agreement on a way forward.

199. The agenda item was adjourned, pending a report back from the concerned Board members.

200. The Co-Chairs reopened the item.

201. The two Board members concerned provided the Secretariat with the compromise text, which the Co-Chairs presented to the Board for adoption. One of the two Board members clarified that a careful compromise had been reached, which was reflected in paragraph 8 of Annex XII to document GCF/B.08/45. This provision clarifies what the Fund would do in cases where funding proposals were not accompanied by a no-objection letter. The Board member noted that the 30-day period provided to the NDA or focal point to reply to the Secretariat, after which the project would be cancelled if a no-objection was not received, gives the certainty that a project applicant may need.

202. With no further comments from the floor, the Board adopted decision B.08/10.

Agenda item 10: Revised programme of work on readiness and preparatory support

203. The Co-Chairs opened the item and highlighted its significance in building the capacity of developing countries to access the Fund.

204. A representative of the Secretariat presented document GCF/B.08/10 *Revised Readiness Programme of Work on Readiness and Preparatory Support*.

205. Several Board members expressed their support for the prompt start-up of the readiness programme, for the Fund to be open for business by 2015. This recognized that the most vulnerable countries require support to access the fund, including institutional strengthening.

206. One Board member stressed that some decision points needed to be clarified, including how the proposed approach would work with existing readiness initiatives to maximize synergies, coordination and coherence. This would avoid duplication of work.

207. A number of Board members stressed that the programme is critical to strengthening resilience to climate change and its economic impacts. It was noted that SIDS, LDCs and African countries, among other developing countries, are at the forefront of championing the need for readiness. Readiness support was recognized to boost project proposals, strengthen national capacities, align proposals with country development plans and put vulnerable countries in the driving seat. It was highlighted that there is a need for direct support to NDAs or focal points to strengthen their capacity to do this.

208. Interest was expressed in the results of the programme, including accreditation of national implementing entities as a result of participation in the readiness programme. Clarification was requested on the linkage between the readiness and accreditation process along with necessary synergies between the two.

209. Several Board members expressed support for the readiness approach, including the 75 per cent allocation to SIDS, LDCs and African countries, in line with prior Board and COP decisions prioritizing these groups. A Board member stressed that the 75 per cent/25 per cent allocation must not be used as a rationing device. A number of members favoured a more open or flexible allocation whilst others found the proposed programme to be flexible, but requested revisions as to the specific types of activities that could be undertaken. The need to clarify the role of the NDA or focal point for activities 3 and 4 as set out in Annex II to document GCF/B.08/10 was noted. Lastly, some Board members noted that while they respected the needs of SIDS, LDCs and African countries, they thought there should be equitable regional allocations.

210. Several Board members requested further clarifications regarding support to NDAs or focal points (up to US\$ 300,000); others expressed strong support for this as a cornerstone of country ownership through implementation, empowering the country to deliver. Some expressed the need for more direct access and a revision of the readiness proposal with less focus on delivery partners. There was support for a programme “by developing countries for developing countries”.

211. Clarification was requested regarding how the Fund would ensure compliance with fiduciary standards, oversight and monitoring. Clear criteria for measuring results of the programme are needed, and some Board members offered to share experiences in this regard.

212. It was stressed that there is a need for more specific plans for outreach and awareness-raising activities that the Secretariat will be carrying out, including active participation of countries and South-South learning and experience sharing.

213. A number of Board members requested consistency of terminology regarding developing countries, emphasizing the need to remove the concept of ‘eligible’ developing countries, as all developing countries are invited to request readiness support, as already made clear in paragraph 35 of the Governing Instrument. A Board member proposed that readiness

money be set aside for all developing countries, including SIDS, LDCs, and African countries, with a proportion allocated for the specific needs of these groups.

214. A request was made to update Table 1 in Annex II to document GCF/B.08/10, reflecting all developing countries. In addition, some Board Members requested more details around the role of NDAs or focal points for activities 3 and 4 and the capacity for results delivery in these areas.

215. Some members suggested major revisions to the Secretariat document, in particular reflecting the objectives of the Governing Instrument to support the development of nationally appropriate mitigation action, national adaptation plans and national adaptation programmes of action, and other initiatives under the UNFCCC, emphasizing that countries that are particularly vulnerable should be the focus. Linked to this, it was emphasized that the Board should provide further clarity to the Secretariat as to the latter's role in the readiness programme, and agreement on how the readiness framework is designed and should be implemented.

216. A Board member requested that a smaller amount of the budget be assigned to pipeline support, with increased focus on NDA or focal point support, as they should have a central role in determining delivery modalities. The need to be cautious regarding conflicts of interest was expressed; entities providing readiness support should not be implementing projects.

217. A Board member encouraged the Secretariat to reach out to the Board for support as to how to best garner effective results from readiness activities. This included the need to aggressively invite more service providers within developing countries – reach out and help connect regions and players within countries. In addition, it was questioned whether there was sufficient capacity within the Secretariat to manage current and projected readiness requests – highlighting that NDAs or focal points are assets to be utilized for coordination and implementation of readiness activities.

218. A Board member emphasized the importance of a country work programme for each country to capture country priorities. A template was recommended to be developed.

219. Some Board Members commented that this is a good approach, particularly regarding pipeline development and feasibility.

220. CSO active observers emphasized that sequencing should be clarified and allocations to pipelines should be reduced.

221. A PSO active observer suggested that PSAG inputs would be needed on how private sector engagement would be provided for candidate implementing entities. CSO active observers noted that NDA or focal point engagement with a wide range of stakeholders is critical.

222. The Co-Chairs recognized the wealth of comments made, and offered an opportunity to come to a quick solution for the remaining work. They requested the Secretariat to revise the decision text and annexes accordingly, with two Board members as a small group (Mr. Norbert Gorissen and Mr. Patrick McCaskie) working with the Secretariat to organize inputs from all Board members.

223. The item was re-opened; the revised draft decision was distributed to Board members and introduced by a member of the Secretariat.

224. The Co-Chairs asked the Board whether there were any objections to the draft decision. None were voiced, so decision B.08/11 was adopted.

Agenda item 11: Financial terms and conditions of grants and concessional loans

225. The Co-Chairs introduced the item and a representative of the Secretariat introduced document GCF/B.08/11 *Financial Terms and Conditions of Grants and Concessional Loans*.

226. Many Board members agreed that the terms and conditions of outgoing loans as proposed in this document were insufficiently concessional and were in fact worse than those of other institutions. Two Board members stressed that the terms of loans should be country-driven, a point echoed by a CSO active observer. Several Board members stressed that the Fund should not base its terms on market loans and noted that the Fund is not a bank but an operating entity of the Convention. A Board member questioned whether the terms proposed in this document would allow the Fund to achieve its paradigm shift objectives.

227. Some Board members stressed that there needs to be differentiation in the terms of outgoing loans depending on the needs of the country, taking into account socio-economic development factors, the needs of the recipients, relevant sectors and the level of indebtedness of the country. A Board member emphasized that it is unfair for countries with limited access to markets to pay rates that are much higher than those countries with more options. A CSO active observer said that while countries with least access to credit should generally be given grants, they should not be charged a higher interest rate for loans. Another Board member stressed that lending by the Fund should not contribute to sovereign debt. A Board member objected to the suggestion in the document that highly concessional loans should primarily be provided to vulnerable countries and said the Fund should not categorize developing countries.

228. Some Board members thought that the Fund should provide more than two types of loans. A Board member suggested that the Fund look at the terms of the International Development Association (IDA) and the International Bank for Reconstruction and Development, and noted that if these loan terms were combined, the Fund would have nine loan terms.

229. With regard to the methodology of basing outgoing financing on the terms of incoming contributions, two Board members agreed that this methodology does not take into account the fact that the Fund can provide loans using grants, thereby allowing much more differentiation on the pricing of loans. One Board member highlighted that for the private sector, it would be common practice to set a margin based on credit risk but that the Fund would need to consider various aspects such as risk management and the nature of projects.

230. A Board member emphasized that pricing is a policy issue that must be determined by the Board, not just an issue of risk management. Some Board members agreed that the Secretariat should develop a pricing policy.

231. A Board member highlighted that the IDA does not have a service or commitment fee for grants and that it does not have a service fee for loans. Another Board member suggested that fees should be based on the costs that the Fund is incurring. A Board member suggested that the Fund should have a waiver policy on charging service and commitment fees.

232. A Board member stressed that grants with repayment contingency should only be provided to the private sector. A CSO active observer said it was essential that the Fund did not lose sight of grants as public money delivered for the provision of public goods which do not require repayment. The same Board member emphasized that in the event of corruption, the responsibility of the Fund should be determined given its responsibility to carry out due diligence. A Board member stated that grants with repayment contingency could be of concern to African stakeholders as some may not be able to sustain such financing. The same Board

member suggested that there could be a cap on the amount of finance extended through grants with repayment contingency. It was noted that in revising the document, the limited capacity of SIDS, LDCs and Africa should be taken into account.

233. A Board member stressed that in order to engage with the private sector, the Fund would need to provide certainty on its terms and conditions.

234. A Board member emphasized that the Fund's lack of willingness to consider local currency lending might undermine the intended concessionality of loans and suggested that lending in a broader range of currencies might be warranted.

235. A few Board members suggested that the Fund should benefit from greater guidance from the COP on its terms and conditions. However, another Board member recalled the Governing Instrument, which states that the Board has responsibility for funding decisions, which includes financial terms and conditions.

236. The Co-Chair proposed that a decision on terms and conditions should not be taken in this meeting, but that the Secretariat should revise the document based on the comments received in the meeting and written comments sent via email, and present it to the Board at its ninth meeting. It was agreed that all written comments would be attached to the revised version for transparency reasons.

237. The discussion on the agenda item was closed.

Agenda item 12: Use of other financial instruments

238. The Co-Chairs opened the agenda item.

239. A representative of the Secretariat drew attention to document GCF/B.08/12 *Use of Other Financial Instruments*.

240. Mr. Jay Koh, a member of the PSAG, was invited to make a short presentation on their recommendations.

241. The Co-Chair then invited a representative of the Secretariat to give a presentation of the proposals outlined in the above-mentioned document.

242. Board members were generally supportive of the Fund's use of grants as guarantees and equity to maximize the use of the Fund's resources. A Board member highlighted that the use of other financial instruments would mean that the Fund could be state-of-the-art and innovative. Another member highlighted that the Fund is allowing intermediaries to provide guarantees and equity rather than providing these instruments itself. A Board member highlighted that intermediaries should be able to use all instruments at their disposal.

243. A Board member suggested that the introduction of these instruments should be assessed using additional criteria to those outlined in the document, including their climate impact and ability to create new markets. Another Board member suggested that an assessment of costs should also be included.

244. Some Board members agreed that micro, small and medium enterprises (MSMEs) should benefit from these instruments. The same Board members questioned what implication the use of these instruments would have on the Fund's resource allocations and stressed that there must not be divergence from the already-agreed upon allocation framework in decision B.06/06.

245. A Board member stressed that the instruments as currently outlined are suitable for mitigation, and that additional financial instruments are needed for adaptation as this is a priority area for many. Some Board members agreed that the use of insurance is very important for adaptation and should be considered for use. A Board member recalled the COP decision on loss and damage (decision 2/CP.19), which would call for the use of insurance products to address climate-related loss and damage.

246. One Board member stressed that these instruments must be applied to benefit the private sector in developing countries, and must be accessible to LDCs and SIDS. Another Board member highlighted that eligibility under the COP refers to all developing countries.

247. A Board member emphasized that these instruments must be used to achieve the Fund's climate change objectives. Another Board member highlighted that the Fund is an operating entity of the financial mechanism of the Convention rather than a bank and questioned the compatibility of these instruments with the Fund's allocation objectives. The same Board member emphasized that a country-driven approach was needed.

248. Two Board members agreed that in order to deploy these instruments, there was a need for capacity within the Secretariat. A Board member suggested that the Secretariat should report on its current capabilities at the next meeting.

249. One Board member suggested that the Board should consider co-financing and could ask partners to co-invest in private sector projects and programmes.

250. A Board member expressed concern that the introduction of such instruments might be perceived as replacing the use of grants. The same Board member expressed concern about potential losses from grants provided as guarantees and highlighted that the incremental cost aspect of the use of such instruments needed clarity.

251. The PSO active observer said that to crowd in funding from the private sector, the Fund needed to deploy financial instruments beyond grants and concessional loans from the start. In addition, it was mentioned that PSOs supported guarantees to limit cash outlay by the Fund and requested the Board to consider a limited number of financial derivatives such as swaps, which are routinely used to hedge risks.

252. The CSO active observer noted that the analysis of use of financial instruments should not just be judged on ability to mobilize funds at scale, but on the effectiveness at meeting needs. They said that more work was needed on this.

253. It was agreed that the Secretariat would revise the decision based on the comments from Board members in the plenary and that the agenda item would be taken up at a later time.

254. As requested by the Board, a revised decision was presented to the Board by the Secretariat. The Secretariat explained that the use of grants as guarantees and equity would help to ensure that the concessionality of the Fund's resources reached its intended beneficiaries and would avoid providing unnecessary concessionality to the private sector.

255. After some clarifications by the Secretariat, decision B.08/12 was adopted.

Agenda item 13: Private Sector Facility

A. Potential approaches to mobilizing funding at scale

256. The Co-Chairs opened the agenda item.

257. A member of the PSAG, Mr. Jay Koh, outlined the recommendations of the PSAG on this agenda item. He emphasized that in order to mobilize funding at scale, the process must be transparent, efficient and predictable.
258. A representative of the Secretariat gave a presentation of the proposals outlined in the document.
259. Many Board members were supportive of the approach as outlined in the document and agreed that the Private Sector Facility (PSF) is an integral part of the Fund. Some Board members suggested that there needed to be a clearer link between the Fund's paradigm shift objectives as outlined in the Governing Instrument and the approaches outlined in this document. Several Board members highlighted that these approaches must ensure country ownership. A number of Board members expressed concern that the proposal was unbalanced as it only assessed the benefits of such approaches rather than the risks. Coherency and consistency with the Fund's decisions was highlighted as being important.
260. A Board member stated that it was important to learn how these approaches have been used in other institutions. Another Board member expressed concern that the proposal met the needs of private investors more than developing countries' adaptation and mitigation priorities as contained in relevant COP decisions. A Board member highlighted that bonds would not be the preferred choice in LDCs. A Board member emphasized that there needs to be more assurance on how resources provided through intermediaries would reach intended beneficiaries.
261. A Board member suggested that this decision did not propose any new elements and that the Board should take note of the document.
262. Another Board member suggested that the Fund should issue requests for proposals (RFPs) that outline what kind of approaches are needed for which purpose in which sector.
263. Some Board members requested a business plan of the PSF outlining the priorities of the fund, approaches for achieving these, and the capacity of PSF staffing.
264. A Board member highlighted that there might be issues regarding the risk appetite of the Fund given the fiduciary requirements of some investors. Another stated that these approaches should be considered in the context of the risk management framework to ensure the Fund's current risk management framework is adequate.
265. The Secretariat highlighted that the Fund would only work through accredited intermediaries when carrying out these approaches, and that in all cases, the Fund would have to obtain a no-objection from the NDA in order to ensure country ownership. Furthermore, the Secretariat emphasized that the Fund needs the approaches as outlined in the document to be able to offer institutional investors instruments that are familiar. This is important for international and local intermediaries, including in LDCs, SIDS and African states. Furthermore, the Secretariat explained that these approaches are in line with the Fund's risk management framework as they would not be accounted for on the Fund's balance sheet.
266. A PSO active observer stated that leveraging even a small percentage of capital resources would be valuable, but that this must be predicated on the behaviour and decisions of the players. They appreciated the work in the document on products and structures, and commented that institutional investors are most likely to allocate capital to investment opportunities that are straightforward and familiar. They observed that the fixed income and loan products described in the document would fall broadly into this category, and supported their inclusion in the product mix. They also emphasized the linkage between this subject matter and the areas of readiness and preparatory support.

267. It was agreed that the Secretariat would revise the decision based on the comments from Board members in the plenary and that the agenda item would be taken up at a later time.

268. After being informed that there was no consensus on the reformulation of the decision, this sub-item was deferred to the ninth meeting of the Board.

B. Working with local private entities, including small and medium-sized enterprises

269. The Co-Chairs opened agenda sub-item 13 (b).

270. Mr. Inderpreet Wadhwa, a member of the PSAG, introduced document GCF/B.08/40 *Recommendations from the Private Sector Advisory Group: Private Sector Facility: Engaging Local Private Sector Actors, including Small and Medium-Sized Enterprises*. He outlined the recommendations of the PSAG on this agenda sub-item as outlined in the document and emphasized that aligning funding with national plans would help to mobilize more funding.

271. A representative of the Secretariat gave a presentation of the proposals outlined in the document.

272. Many Board members were supportive of the approaches outlined in the document and agreed that providing financing for MSMEs is an important component of the PSF. Some Board members agreed that the approach of issuing RFPs is appropriate as it sends the message that the Fund is open for business.

273. One Board member highlighted that the key to success is to select suitable intermediaries with proven track records and experience in mobilizing MSME financing.

274. A Board member stressed the importance of ensuring that the Fund's financing does not provide room for the exploitation of MSMEs.

275. Another Board member highlighted the important role that MSMEs play in adaptation.

276. Several Board members agreed that the Fund needs to work through intermediaries at least initially to provide finance to MSMEs. These should not just be international. A Board member emphasized that the use of local large financial institutions can be important as they have a network of clients and personal relationships with MSMEs.

277. A Board member emphasized that the Fund should not duplicate the capacity-building work of others.

278. A Board member stressed that the document should incorporate relevant PSAG recommendations. The same Board member suggested that the Fund should have a dedicated MSME strategy which should address an appropriate accreditation approach. Furthermore, the Board member stated that there should be minimum allocations for both programmes, and that they should be implemented through local intermediaries.

279. A Board member highlighted that paragraph 43 of the Governing Instrument states that the Fund should promote the participation of the local private sector, and not just promote funding. Furthermore, the same Board member emphasized that the capacity-building programme should be in line with the COP, and that these programmes should be demand-driven.

280. A Board member suggested that the PSF should have a business plan. Another stated that there needs to be further clarity on the terms of reference for these programmes and suggested that the PSAG should be involved in the development of these programmes.

281. A Board member highlighted that clarity is needed on the definition of MSMEs and that the IFC's definition may not be sufficient as there are many MSMEs in the informal sector that do not have access to funding. The same Board member emphasized that there was no clarity on the size of such sectors nor their contributions to emissions. The Board member suggested the inclusion in the readiness work programme of an assessment of the contribution of MSMEs to greenhouse gas emissions in the formal and informal sectors.

282. A Board member highlighted that MSMEs can be both private and public entities and that the MSME Programme should support the financing of both.

283. A PSO active observer noted the importance of this document given that the participation of private sector actors is essential to scaling up operations. They observed that the influence of regulatory constraints is a major structural barrier to investment in emerging markets. They supported the MSME Programme, which they believed to be essential for both mitigation and adaptation. They also believed that the private sector project development/capacity building programme would assist the development of project pipelines. They encouraged the Secretariat to explore linkages and synergies with the existing programmes of non-governmental organizations, MDBs, and development banks.

284. The CSO active observer was encouraged by Secretariat proposals to create a programme to address the needs of MSMEs in developing countries. They believed that the PSF should focus on MSMEs as their contribution to local communities is essential. As a result, it was thought that a clear definition of MSMEs was required. Furthermore, they noted that a high proportion of MSMEs in developing countries are operated by women, and as a result attention needs to be paid to a lack of access to financing for women. They highlighted the need to identify gender bias, in particular for MSMEs, and to address this through gender-sensitive training and services. They suggested that sub-national intermediaries should be included as providers in this programme, and that local over national actors should be prioritized. Finally, they stated that regulatory changes are also needed to support MSMEs.

285. It was agreed that the Secretariat would revise the decision based on the comments from the Board members in the plenary and that the agenda sub-item would be taken up at a later time.

286. The Co-Chairs noted that no consensus had been reached the reformulation of the decision, and the item was therefore deferred to the next meeting of the Board.

Agenda item 14: Initial resource mobilization

A. Outcome of the first and second meeting of interested contributors to the Initial Resource Mobilization Process of the Green Climate Fund

287. The Co-Chairs opened the agenda item.

288. The facilitator of the initial resource mobilization (IRM) process, H.E. Ambassador Lennart Båge, introduced the document, explaining that even though IRM was ad hoc in nature, without precedent and with a very short timescale, there was significant momentum for the November pledging session.

289. A Board member highlighted that focusing on substance would be vital, although process discussions are also important; therefore, focus should be on the proposed policies as included in the document.

290. A Board member highlighted the significant momentum that the initial pledges of US\$ 2.4 billion had created and pointed out the importance of seizing this momentum. The member stressed the responsibility of developed countries under the UNFCCC to help achieve the US\$ 100 billion funding goal, and therefore indicated that IRM should be started, as soon as possible. This would ensure a transition into the replenishment process which would help to build trust among the Parties, especially in light of the 2015 global climate change negotiations.

291. A Board member expressed gratitude for pledges made so far, yet stated that the figure reached so far is below expectations, in the context of official development assistance (currently less than 1 per cent), the US\$ 100 billion goal (currently 2 per cent of a single year of this goal), and the G77 goal of raising US\$ 15 billion (one seventh). He highlighted that, in order to achieve the paradigm shift, a mind shift was also necessary.

292. Another Board member pointed out that developing countries have been waiting for the Fund for 20 years and drew attention to decision 5/CP.19 with regard to the need to achieve very significant scale, indicating that the pledges had not reached that scale.

293. A Board member noted that the German Chancellor Angela Merkel showed leadership in pledging before the first IRM meeting, but indicated that approval by the German parliament (Bundestag), which is still pending in several contributors, would be better facilitated if clarity were achieved in this Board meeting to allow for the Fund to move forward.

294. Ambassador Båge stressed the importance of reaching the maximum amount of pledges possible in November which would reflect collective efforts and send a clear and powerful message to the world. He also pointed out the importance of moving towards formal replenishment with clear procedures and rules.

295. Following the comments, the Co-Chairs thanked the facilitator for his support and efforts, and accepted the document put forward for the Board's information.

B. Policies for contributions

296. The Co-Chairs opened the agenda sub-item and explained that, initially, it had been planned to consider 14 (b) (i)-(iv).

297. The facilitator of the IRM process, Amb. Båge, introduced document GCF/B.08/16 *Policies for Contributions* and suggested that Annex VI to said document be deleted as it had caused confusion.

298. Various Board members raised concerns with sub-paragraph 1 (e)-(i) of Annex II to document GCF/B.08/16, relating to the issue of decision-making in the absence of consensus and the matter of the Interim Trustee. The Board members were concerned about the potential prejudging of discussions still to be entered into by the Board and had reservations about endorsing recommendations on matters which had not been addressed by the Board.

299. In addition, various Board members raised concerns with paragraphs 13 (c) and (d) of Annex II to document GCF/B.08/16, referring to the targeting of contributions, with a few members indicating that the earmarking of contributions would not be acceptable to them. The developing country Co-Chair noted that earmarking politicizes the Fund by favouring particular countries or projects. Another member noted that earmarking is not appropriate at this stage of the Fund. A Board member stated that targeting is a soft phrase for earmarking and sought clarity on the implications of this recommendation which was provided by the Executive Director.

300. Amb. Båge explained that the concept of earmarking had been rejected and was not contained in the text. A concept of targeting was in the text instead, as well as a reference to the power of the Board to make decisions on the allocation of funding. He stressed that there was a built-in safeguard for the Board and that this did not take away the authority of the Board.

301. Proposals were made to either:

- (a) Take note of the entire report;
- (b) Only take note of the relevant recommendations and endorse the rest of the document;
or
- (c) Remove the contentious paragraphs of the document. A suggestion was also made to discuss the various matters raised in the document under the respective agenda items, and to halt discussions on the potential endorsement of this document until these individual discussions had been concluded.

302. Various members highlighted that having a policy framework for contributions is essential to enable contributions to be made, as well as to build trust and confidence, and to create momentum. It was also noted by some Board members that clarity on the issue of decision-making and the matter of trusteeship is essential to enable contributions to be made to the Fund, and that, in the absence of such clarity, obtaining contributions would be impossible.

303. The Executive Director brought to the attention of the Board the fact that the Fund would not be in a position to accept pledges and to enter into contribution agreements with interested contributors which want their pledges to be governed by the terms of the recommended policies until such policies have been endorsed by the Board.

304. A request was made to the General Counsel to clarify the relationship between recommendations and decision-making. The General Counsel stressed that, even if endorsed, recommendations still remain recommendations which are not meant to prejudge the deliberations of the Board on decision-making. He pointed out that the Board could clarify its endorsement of certain parts of the document, for example by excluding specific paragraphs which would only be taken note of. He also drew attention to Article 11.2 of the Convention, which requires the Fund to have a transparent system of governance, part of which is how decisions are to be made in the absence of consensus. He further pointed out the need for a decision on policies for contributions and explained that the Executive Director would not be authorized to sign any contribution agreement reflecting the recommended policies for contributions if such policies had not been endorsed by the Board.

305. A Board member raised a question about the authorship of, and the mandate for the document, and sought clarity on who the interested contributors were.

306. Another Board member explained that there was a clear recommendation from contributors that decision-making in the absence of consensus is important and that having rules in place is the best way of ensuring consensus. Furthermore, interested contributors, including developing countries, indicated that the link between decision-making and contributions provides a clear incentive to make contributions.

307. A Board member pointed out that the RoP of the Convention do not allow for voting as an option; rather all Parties should seek relevant solutions if no consensus is reached. The Board member therefore insisted that decisions should be made based on consensus. The Board member highlighted that the Fund is an operating entity of the financial mechanism of the Convention, and that the contributions policy should be subject to the relevant principles and regulations of that Convention.

308. A Board member provided specific comments on the substantive matters in the document, including the balance achieved in the effectiveness and trigger clauses, and in the financial terms. The member also requested that other members express their views on the substantive content of the document.
309. Another Board member proposed alternative language regarding the matter of targeting.
310. However, another member stated that the proposed changes, or any changes for that matter, would jeopardize the ability to come forward with pledges. A Board member noted that the document had not been prepared by a subgroup of the Board and indicated that it was formally impossible for the Board to change the document without consulting the participants of the IRM meetings who had drafted it.
311. The sub-item was suspended.
312. The Co-Chairs re-opened the sub-item and reminded the Board that it has been suspended over one remaining issue of divergence, namely, the paragraph regarding targeting. The Co-Chairs invited the IRM facilitator and the General Counsel to explain the implications if the Board failed to reach agreement on policies for contributions.
313. A number of Board members, whilst noting the interpretation provided by the General Counsel that without such an agreement on the recommendations provided by the IRM meeting, the Executive Director would not be authorised to sign contributor agreements, disagreed with it.
314. One member stated that the recommendations were forcing the Board to go against its own decisions and requested that the question of following or not following the guidance from the COP be recorded in the Fund's report to the COP.
315. The Co-Chairs suspended the sub-item.
316. The Co-Chairs re-opened the sub-item and a member reminded the Board that the IRM participants had done exactly what they had been asked by the Board by its decision B.07/09 and produced a policy for contributions for consideration by the Board. Given the failure to endorse this, the member requested that the General Counsel and the Interim Trustee clarify what decision was required by the Board to enable the Executive Director to enter into contribution agreements.
317. Following further clarification from the General Counsel on contribution agreements, another Board member said his interpretation of the decision B.07/09 taken at the seventh meeting of the Board differed. He also noted that the decision contained no reference to the Secretariat having a role in allowing or not allowing funds to flow to the Interim Trustee. The member stressed that the Board only needed to react to the recommendations.
318. The Interim Trustee informed the Board that the authorization by the Board to the Secretariat explained in document GCF/B.08/18 allowed the Executive Director to establish and prepare standard provisions applying to new contributions brought in under the IRM process.
319. Another Board member noted that paragraph 15 of the GEF expressly states that there is no earmarking yet, at the same time, contributors can enter into arrangements with the GEF. The member requested clarification on whether earmarking was fundamental to contributor arrangements.
320. A Board member reiterated that the text in the policies for contributions document had been carefully crafted and insisted that it remain untouched. Another member reiterated that the discussion be fully reported in the GCF report to the COP.

321. The Co-Chairs requested that the Board come to a decision regarding a proposed amendment to paragraph 13 (d) on the targeting of contributions in Annex II to document GCF/B.08/16 *Policies for Contributions to the Green Climate Fund: Recommendations by Interested Contributors*.
322. A Board member proposed a further amendment to introduce a targeting country cap which was supported by a number of other members. Other members insisted that targeting be entirely removed from the text.
323. Another member proposed the deletion of paragraphs 13 (c) and (d) of Annex II to document GCF/B.08/16.
324. There were no objections to this further amendment, in addition to those already agreed, and decision B.08/13 was adopted.
325. The Co-Chairs opened agenda sub-item 14 (b) (v).
326. The General Counsel introduced document GCF/B.08/17 *Decision-Making Procedures for the Board in the Absence of Consensus*, which had been circulated to the Board.
327. Members agreed that, in the event that all efforts at reaching consensus have been exhausted, it is vital that the Board reach an agreement on decision-making procedures, and that, especially in light of, but not restricted to IRM, the Board should be in a position to make decisions effectively. There was agreement that, as per paragraph 14 of the Governing Instrument, the Board should aim at coming to an agreement on this issue in the context of the Board's RoP. A Board member cautioned that the voting procedure should not complicate the operations of the Fund.
328. Various members made reference to the fact that this issue had been discussed repeatedly at previous Board meetings, and that the previous Co-Chairs had been mandated to commission a non-paper on this. However, the Board had failed to come to an agreement on this issue.
329. Many members raised serious concerns with linking the issue of decision-making to contributions as proposed in the document presented to the Board; this included, inter alia, the concern that one constituency could impose conditions on another constituency, or that a certain number of members could impose conditions on all other Board members.
330. Counter-proposals were made, including a suggestion that the right to vote could also be linked to the size of the country, population, stage of development and vulnerability.
331. However, other Board members stated that voting should, in fact, be linked to contributions in order to incentivise interested contributors to make pledges, but that this link should still be subject to discussions.
332. Repeatedly, members pointed out that balance and equitability need to be the guiding principles for voting modalities, ensuring the necessary securities for developing countries and contributors. It was repeatedly stated that there is a need for further discussions and ideas on this subject.
333. Another Board member proposed taking a leap of faith, while guaranteeing that all options remain on the table, and also suggested that the implications of all options should be made clear for the Board's consideration.
334. A Board member pointed out that there is no definition of consensus, that there was no mandate for the Secretariat to produce the document, and made reference to a proposal put forward by the Russian Federation to the UNFCCC on the issue of voting.

335. It was agreed to request the Secretariat to develop options for procedures for adopting decisions in the event that all efforts at reaching consensus have been exhausted and that these options should be presented for consideration by the Board at the first meeting of the Board in 2015. Decision B.08/14 was adopted.

C. Legal arrangements for contributions

336. The Co-Chairs opened agenda sub-item 14 (c).

337. The General Counsel introduced document GCF/B.08/18 *Legal Arrangements for Contributions*, which had been circulated to the Board.

338. He underlined the technical nature of the proposed amendments to the Interim Green Climate Fund Trust Fund Agreement to reflect the policies for contributions as endorsed by the Board.

339. One Board member sought clarity on whether or not the changes to the policies for contributions would also be reflected in the legal arrangements.

340. Upon clarification by the General Counsel, the Board adopted decision B.08/15.

341. Following the decision, a member of the Board who had agreed to the decision requested that the standard provisions brought to the IRM meetings be re-circulated and that the decision be amended to say that contributors must have the opportunity to agree standard provisions. The Co-Chairs requested legal advice. The General Counsel informed the Board member that the draft provisions would be circulated to contributors for comments and that no amendment of the Board decision would be needed. The sub-item was not re-opened.

Agenda item 15: Gender policy and action plan

342. The Co-Chairs opened the agenda item.

343. A representative of the Secretariat introduced document GCF/B.08/19 *Gender Policy and Action Plan*.

344. A number of Board members noted the importance of this matter, and expressed regret that it had not been discussed earlier during the eighth meeting of the Board to do the subject matter justice. Several Board members agreed that, given time constraints, the matter should be deferred for more in-depth discussion.

345. One Board member suggested addressing this item between sessions, to then be discussed at the next meeting of the Board.

346. Several Board members disagreed with this suggestion, stating that due to the importance of the matter, and the need for the transparency of public debate, this item should be discussed in a full meeting rather than inter-sessionally.

347. One Board member urged the Board to not approach this matter too academically, but to ensure a decision to empower women on the ground, while also striving to engage with the youth.

348. Another Board member highlighted a potential issue given that the accreditation process refers to gender policy, and accreditation might take place before the next meeting. They wondered about its implications, and whether the Secretariat could operate on an interim basis in this regard.

349. The Co-Chairs took note of the broad consensus of the Board and proposed to give this matter serious consideration from an early stage at the next meeting of the Board, and requested that this be taken into account by the Secretariat, the next Co-Chairs, and recorded in the report.

350. The proposal was accepted by the Board.

Agenda item 16: Fund's initial investment framework

351. This agenda item was not considered by the Board.

Agenda item 17: Initial approval process: Draft terms of reference of the independent technical advisory panel

352. This agenda item was not considered by the Board.

Agenda item 18: Simplified processes for the approval of proposals for certain activities, in particular small-scale activities

353. This agenda item was not considered by the Board.

Agenda item 19: Legal and formal arrangements with intermediaries and implementing entities, including policies on fees and payments

354. The Co-Chairs opened the agenda item.

355. A number of Board members requested clarification regarding the Co-Chairs' plan for the organization of work for the remainder of the meeting. The Co-Chairs stated that there were items which were of high priority to the Secretariat and others of similar priority to different Board members. Members put forward various proposals on how to proceed.

356. The Co-Chairs proposed to deal with items which were important for the functioning of the Secretariat and then to return to the order of the agenda. Another Board member stressed that of prime importance was ensuring the Fund was operational.

357. The Secretariat's Executive Director outlined those items which were of immediate priority.

358. After further discussion, the Board agreed to move forward on the basis proposed by the Co-Chairs, beginning with agenda item 19.

359. The General Counsel, Mr. Rutger de Witt Wijnen, introduced document GCF/B.08/23 *Legal and Formal Arrangements with Intermediaries and Implementing Agencies*.

360. Board members asked for clarification on why both framework agreements and project agreements were covered in the document, with some members expressing concern that project agreements were also included.

361. The Secretariat clarified that a framework agreement covering the general terms of the relationship with the Fund would be entered into after the accreditation of an entity. A project agreement setting out the conditions specific to a project or programme would be entered into after Board approval of a project or programme.
362. A Board member highlighted that it would be necessary to produce various templates to reflect different relationships, and that the Board should agree to the use of standard language, with templates to be further developed. Another Board member called for the standardization of the existing agreements in place, while the Executive Director highlighted that a project-level agreement was not needed before projects are considered.
363. The General Counsel clarified that, at this stage, it would be very hard to prepare any meaningful templates as the Fund is entering uncharted waters with many variables, and as yet unknown circumstances. Standard provisions will be standardized with the intent of developing templates once the Fund has gained more experience. The General Counsel also stated that the Board would have a level of control over the content of the framework agreements during the accreditation process. A Board member called for the Board to have a level of trust in the Secretariat as the framework agreements are only meant to document the accreditation approved by the Board.
364. A Board member noted that, with regard to intermediaries, it is important to address the matter of auditing and procurement, as well as monitoring and assessment of ESS, which should be clarified in the template. In addition, the templates should also cover contributions beyond grants and loans.
365. Another Board member requested clarification on the timeframe and sequencing for concluding agreements from the Interim Trustee and Secretariat. The need to produce terms of reference for framework agreements – work which is to be carried out between sessions – was noted by another Board member.
366. One Board member underlined the need for safeguards covering the matter of sub-contracting, raised concerns regarding the level of delegation to the Executive Director and asked for a stronger reference regarding matters related to corruption to be included under section 2.4 of document GCF/B.08/23.
367. A Board member raised a question about the implications of not agreeing on this matter for the readiness programme. The Executive Director clarified that there would not be a direct impact, but that this would have implications for the timing of signatures of legal agreements with accredited entities, meaning that the potential to consider projects early in 2015 will not be possible.
368. In light of the complexity of the issue, it was agreed that the agenda item would be deferred to the next meeting of the Board and members were invited to provide inputs in writing to the Secretariat.

Agenda item 20: Status of resources and the execution of the administrative budget

A. Status of resources

369. The Board took note of document GCF/B.08/Inf.03 *Report on Status of Resources*.

B. Status of execution of the administrative budget

370. The Board took note of document GCF/B.08/Inf.04 *Status of Execution of the Administrative Budget*.

Agenda item 21: Budget and staffing

A. 2015 administrative budget

371. The Co-Chairs opened the agenda item.

372. A representative of the Secretariat introduced document GCF/B.08/24 *Administrative Budget of the Fund for 2015*. He also summarized the projected administrative expenditure for the year to 31 December 2014.

373. A number of questions were raised by Board members. Further clarification and more detail were sought on the following matters:

- (a) On the job descriptions and functions of the proposed five new Associate Professional Officer (APO) positions;
- (b) Budgeted Board costs for future budget presentations should contain more detail;
- (c) Sufficiency of resources in the budget to fund Board committees and panels, in particular the Accreditation Committee and Panel. This was confirmed;
- (d) Proposed investment management fee calculated at 3.5 basis points of the average annual undisbursed balance in the GCF Trust Fund; and
- (e) The current gender and diversity staffing imbalance in the Secretariat, particularly in the recruitment of the remaining 15 approved specialist staff members and the five new APOs.

374. The Secretariat and Interim Trustee provided responses to the matters raised.

375. A draft decision, including the administrative budget of the Fund for 2015, was presented to the Board and was adopted as decision B.08/16.

B. Annual update on the structure and staffing of the Secretariat

376. Agenda sub-item 21 (b) was not formally opened by the Co-Chairs, nor was related document GCF/B.08/Inf.05 *Annual Update on the Structure and Staffing of the Secretariat* formally introduced by the Secretariat.

377. However, a representative of the Secretariat, while presenting document GCF/B.08/Inf.01 *Report on Activities of the Secretariat* under agenda sub-item 4 (b), had made reference to document GCF/B.08/Inf. 05 *Annual Update on the Structure and Staffing of the Secretariat*, as well as GCF/B.08/Inf.03 *Report on Status of Resources* and GCF/B.08/Inf.04 *Status of Execution of the Administrative Budget* on the status of resources and the execution of the administrative budget. He said that document GCF/B.08/Inf.01 must be read in conjunction with these documents, which would be considered under agenda items 20 and 21.

378. As these documents were already distributed to the Board members, some of them commented on the contents of document GCF/B.08/Inf.05 and raised specific questions. One Board member asked about the need for establishing five new APO positions. A few members expressed concern on lack of gender and geographical balance among the new staff who have already been hired.

379. Clarifications were provided by a representative of the Secretariat on the proposal to establish APO positions, as well as on the Secretariat's approach on how to address the issue of equitable geographical distribution and gender balance in future recruitment.

380. The Co-Chairs reminded the Board member who brought up these matters that they would be addressed under agenda sub-item 21 (b), and under agenda item 23, as well as during a very similar discussion on the structure and staffing of the Accreditation Panel.

Agenda item 22: Terms of reference of the Appointment Committee of the Board

381. This agenda item was not considered by the Board.

Agenda item 23: Administrative guidelines on human resources

382. The Co-Chairs opened the agenda item.

383. A representative of the Secretariat presented document GCF/B.08/26 *Administrative Guideline on Human Resources Guidelines*, which had been circulated to the Board as a limited-distribution document. He noted in his introduction a number of issues raised by some Board members and how these had been addressed in the guidelines.

384. A Board member noted the importance for the Secretariat of achieving a gender and geographic balance in its staffing, and that this principle should be enshrined in the guidelines. A number of members supported the proposal for the Board to approve the guidelines for a period up to the end of 2015.

385. This was reflected in a revised decision which was then adopted as decision B.08/17.

Agenda item 24: Commencement of annual reporting and the external auditing process

386. The Co-Chairs opened the item.

387. A representative of the Secretariat introduced document GCF/B.08/27 *Commencement of Annual Reporting and the External Auditing Process*.

388. The Board noted the close cooperation between the staff of the Secretariat and members of the EAC in the production of the document on the selection of accounting standards (see Annex II to document GCF/B.08/27) and the draft terms of reference of external auditors (see Annex III to document GCF/B.08/27).

389. There were no questions and decision B.08/18 was approved.

Agenda item 25: Work plan of the Board for 2015, including outstanding issues from the 2014 work plan

390. The Co-Chairs opened the item.

391. The Secretary to the Board, Ms. Carolina Fuentes, introduced document GCF/B.08/28 *Work Plan of the Board for 2015*.

392. A Board member stated that every outstanding matter of the eighth meeting should be included in the next agenda as per the RoP. The same Board member mentioned that for the item “Relationships with Relevant UNFCCC Thematic Bodies”, the correct title should be “Modalities for linkage” rather than “Relationships” in line with COP guidance.
393. Several Board members stressed that meetings needed to be streamlined with fewer agenda items, focusing on those which are essential, a point echoed by the developing country Co-Chair.
394. Another member noted that several matters, including methodology for determining the initial risk appetite, understanding and defining the alternative sources of financial inputs, administrative guidelines on ICT, and the ethics policy of the Board, could be removed from the next Board meeting. The same Board member noted that extending the number of days was not the solution since the Board had proved during this meeting that decisions are only taken on the last day.
395. One Board member suggested that the next meeting should be seen as a very critical operational meeting which should focus on turning pledges into programming. The same member suggested that a series of items on institutional issues would be better dealt with inter-sessionally as many were routine and administrative, and discussing them at Board meetings was not a good use of members’ time.
396. A Board member said that the items on the approval process and the results management framework were missing from the document under consideration. The Executive Director clarified where such items were located in the document under the various meetings in 2015 and requested members of the Board to inform the Secretariat of any missing items. The Executive Director noted that one decision had not been taken concerning inter-sessional decision-making. It was stated that this was important in case some items ended up receiving objections without an agreed-upon way to proceed.
397. A Board member requested that the investment framework be considered at the next meeting as it had been on the agenda for the eighth meeting but had not been taken up.
398. Several Board members stressed that gender policy should be a high priority at the next meeting.
399. Views were also expressed about the need to give guidance to the new Co-Chairs. It was stated that they play a crucial role, and a member recommended that in future they give the Board daily targets. Another Board member proposed that the practice of committees, panels and groups of giving oral reports be stopped to save time, and replaced by written reports.
400. A Board member wished to place on the record their warm appreciation for the work of the current Co-Chairs. This was widely supported by the Board.
401. The Co-Chairs noted a consensus to streamline and lighten the agenda and work plan. Members had suggested that under the leadership of the incoming Co-Chairs they would work together towards the objective of streamlining the agenda items, provided that specific comments made by members during this plenary were reflected in the agenda for the next meeting.
402. The Board took note of document GCF/B.08/28 and adopted decision B.08/19.

Agenda item 26: Methodology for decisions taken between meetings, including decisions approved between the seventh and eighth Board meetings

403. The Co-Chair opened the item but noted that owing to the urgent need to appoint an Accreditation Panel, methodology for decisions between meetings would not be addressed.
404. He explained that the Accreditation Panel would be addressed through decisions approved between the seventh and eighth meetings of the Board. He noted that there had been an inter-sessional decision on this which had not been approved. The Board had been presented with document GCF/B.08/36 *Decisions Approved between the Seventh and Eight Board Meetings*; in addition in a draft decision prepared by the Secretariat was circulated only to members on the Accreditation Panel.
405. The General Counsel informed members that document GCF/B.08/36 was not a decision but a compendium of three decisions taken between the seventh and eighth meetings of the Board for incorporation into the report of the eighth meeting as an annex.
406. After further clarification, Board members agreed to include the inter-sessional decisions in the report of the eighth meeting and the item was closed.
407. The Co-Chair then moved to the draft decision on the nomination of the Accreditation Panel.
408. The Chair of the Accreditation Committee, Amb. Cedergren, introduced draft decision.
409. Amb. Cedergren recalled that the Committee is tasked with nominating the members of the Accreditation Panel, as had been presented under agenda item 5, Reports from committees, panels and groups, and that the Board members would then consider the endorsement of the nominations.
410. The Chair said that the Committee has selected six members, who they were confident would be able to undertake the duties required to address the challenging task ahead. He also noted that there is enormous pressure to have entities accredited as soon as possible, and that in order to do so there must be a Panel established to review applications and recommend entities for accreditation.
411. Furthermore, the selection has taken into account, as much as possible, diversity in the areas of technical expertise, geographic distribution and gender. He noted it was particularly challenging to achieve both the right skill and geographical balance mix. Due to the recent withdrawal of one candidate due to a potential conflict of interest, the draft decision on the endorsement by the Board members of the Accreditation Panel included only five of six members, who were all present in the Boardroom.
412. The Chair proposed that the endorsement of the sixth member, following urgent recruitment by the Secretariat and nomination by the Committee, would be sought as a decision between meetings. He noted that it would be important that the sixth member have a special knowledge of fiduciary standards.
413. Several Board members thanked the Chair for the good work.
414. Several Board members stated their objection to the endorsement of the five members. They raised concerns over the lack of geographic distribution, particularly, the lack of balance in nominated members between developing and developed countries. Several Board members suggested that the next candidate should be from a developing country.
415. A Board member stated the need to achieve the right balance while identifying the right persons with the right skills. It was also suggested that, in view of the heavy workload expected, there could be more than six members on the Panel. Institutions in developing countries have individuals who can conduct the work required of Panel members, and there should be outreach to such institutions in the recruitment of Panel members.

416. Another Board member stated the need to have an explicit 50/50 balance between developing and developed countries. It was also stated that the term of members of the Panel be limited to one term of three years. One member responded by stating a level of continuity should be allowed without necessarily having a complete change in the composition of the Panel at the end of a term, which was supported by some other Board members.

417. A Board member suggested that the five nominated candidates should be endorsed in order to start the work on accrediting entities as soon as possible, but that the call for experts be open on a continual basis, and that candidates be considered for the next three-year term. This suggestion was supported by some Board members. Questions were also raised as to how the Committee would prioritize the work of the Panel, including what the work programme of the Panel would be, how the Committee would oversee the Panel's work, and timelines.

418. Another suggestion was to endorse the five nominated candidates now, and then to ensure that the sixth candidate come from a developing country.

419. A Board member stated that a decision was taken under agenda sub-item 6 (e) that calls for applications to be possible in multiple languages, and that Panel members should reflect the ability to operate in multiple languages in order to facilitate the accreditation process. Several Board members supported this suggestion. Some Board members stated the importance of having French or Spanish speakers on the Panel. A Board member recommended that the Accreditation Committee consider deepening the Panel's expertise in fiduciary standards when nominating new candidates for endorsement by the Board. Another member said there should not be more than one member from a single country.

420. A member suggested that the selection process could be conducted through two open calls, one for developing country candidates and another for developed country candidates, in order to reach geographical balance.

421. Amb. Cedergren responded to the interventions by stating that the Committee is responsible for nominating the suggested Panel and that it is difficult to put together a Panel that meets all criteria. The Panel is needed now, and there seemed to be an agreement amongst Board members that a more balanced composition should be achieved. However, there must be a Panel in order to begin accreditation.

422. A representative of the Secretariat summarized the selection process of candidates for consideration by the Committee for nomination to the Panel.

423. Two calls for experts were opened this year. The first resulted in the selection of the four experts of the Board Team on Accreditation. A second call for additional experts was opened in July 2014, for which the Secretariat received 37 applications. Taking into account technical expertise (particularly fiduciary expertise), geographic distribution, and gender balance, the Secretariat identified a shortlist of three candidates.

424. Following interviews with the three candidates, two candidates were selected and proposed to the Committee for consideration. Following their consideration, the Committee agreed to nominate the two additional candidates. Due to the withdrawal of one candidate from Peru, a sixth position remained to be filled. Furthermore, it was explained that the Secretariat could utilize a roster of consultants in order to assist the Panel in its work, and that this roster would also aim to reflect a balance in areas of expertise, geographic distribution and gender.

425. The Co-Chairs summarized an emerging consensus among members:

- (a) Endorse the list of five nominated candidates through the adoption of the draft decision;
- (b) Amend the draft decision to emphasize and underscore future additions and appointments, including elements of geographical balance and language diversity; and

- (c) Take into account the need to strengthen fiduciary expertise for the appointment of the sixth candidate. The recruitment and appointments for the next term should be used to strengthen the elements of balance referred to in paragraph (b) above with regard to the Accreditation Panel.
426. The Co-Chairs requested that the Secretariat revise the document.
427. The item was subsequently re-opened. Amb. Cedegren informed the Board of the amendments as per the earlier consensus among members.
428. A number of points were raised including the term of the panel members; the developing/developed-country balance and having no more than one person per country on the Panel. Revised language was proposed.
429. There were no objections and decision B.08/20 was adopted.

Agenda item 27: Travel policy

430. This agenda item was not considered by the Board.

Agenda item 28: Administrative guidelines on procurement

431. The Co-Chairs opened the item.
432. A representative of the Secretariat presented document GCF/B.08/31 *Administrative Guidelines on Procurement*.
433. A Board member asked whether the guideline on the preparation of shortlists of consultants favoured foreign firms and consultants over the use of national firms and consultants. It was stressed that the bias should be the other way around. The Board member requested that, in addition to looking at the guidelines of the Asian Development Bank, United Nations Office for Project Services guidelines also be considered. Another Board member said there should be widespread advertising.
434. The Secretariat noted that an overall principle of procurement was to be open for competitive bidding, together with the need to advertise widely and that, in particular, section A. 1.3 of Annex II to document GCF/B.08/31 was in keeping with this principle.
435. Another Board member noted that the Board needed to discuss these guidelines more fully and proposed that they be approved only for a limited period of time.
436. It was proposed to approve the guidelines to the end of 2015, with the Secretariat providing a note of comments from the Board members at the second meeting of the Board in 2015. The Board approved the proposal and decision B.08/21 was adopted.

Agenda item 29: Fund's initial risk management framework: Survey of methodologies to define and determine risk appetite

437. This agenda item was not considered by the Board.

Agenda item 30: Trustee arrangements, including the review of the Interim Trustee and the initiation of a process to select the Trustee of the Fund

438. The Co-Chairs opened the item.
439. A representative of the Secretariat introduced documents GCF/B.08/33 *Trustee Arrangements, Including the Review of the Interim Trustee and the Initiation of a Process to Select the Trustee of the Fund* and GCF/B.08/33/Add.01 *Trustee Arrangements, Including the Review of the Interim Trustee and the Initiation of a Process to Select the Trustee of the Fund – Addendum*.
440. Several Board members raised a number of questions. One member noted that the main issues raised in the discussion document reflected the views of the respective constituencies.
441. A number of members stressed the importance of obtaining clarity regarding the continuity of the Trustee arrangement and the need for a clear decision, particularly during this IRM period.
442. The importance of the Trustee function, in terms of acting as the Fund's banker to receive, hold, invest, and disburse funds, was underlined by several Board members.
443. It was noted by several Board members that the role of the World Bank is to act as Interim Trustee. This does not, in any way, imply a role in setting Fund policy or a role in its decision-making. The Secretariat, noting a typographical error in paragraph 5 (b) of document GCF/B.08/33, confirmed that the Interim Trustee would not enter into agreements with the Fund's implementing entities.
444. There was some discussion on the date the Fund would become operational and whether this depended on the Fund having received or disbursed initial resources. No conclusion was reached.
445. Board members were reminded of the importance of clarifying the Trustee issue to ensure that there was no perceived risk on the part of contributors to the Fund in contributing. There was general consensus on the need to ensure continuity in the Trustee function.
446. Some Board members stated that they would like to see consideration given to the Fund managing its own Trustee services, if not in the short term, then at some point in the future.
447. The Co-Chairs requested Board members to consult with one another to seek a middle ground on proposals from members.
448. A revised draft decision was presented to the Board. There were no objections and decision B.08/22 was duly adopted.

Agenda item 31: Relationships with relevant United Nations Framework Convention on Climate Change thematic bodies, such as the Adaptation Committee and the Technology Executive Committee, as well as other climate finance entities and external bodies, including corporate and foundational partnerships

449. This agenda item was not considered by the Board.

Agenda item 32: Report for the Conference of the Parties, including the response to the guidance provided by the Conference of the Parties at its nineteenth session, and the institutional linkage between the United Nations and the Green Climate Fund

450. The Co-Chairs opened the agenda item.
451. The Secretary to the Board reminded Board members that there were two documents for consideration:
- (a) Document GCF/B.08/35 *Draft Report of the Green Climate Fund to the Conference of the Parties to the United Nations Framework Convention on Climate Change*; and
 - (b) Document GCF/B.08/39 *Options for an Institutional Linkage between the United Nations and the Fund*.
452. The Co-Chairs confirmed that the draft report to the COP would be considered first.
453. A Board member:
- (a) Pointed out that the Fund is the operating entity of the financial mechanism of the Convention, guided by and accountable to the COP;
 - (b) Highlighted the difference between arrangements and annual guidance;
 - (c) Stated that, in the draft report, there is no reference to guidance provided since COP 17, for example with regard to the open competitive bidding process for the selection of the trustee; and
 - (d) Highlighted that information on how the Fund has responded to meeting the needs and challenges of developing countries in the context of the IRM process needed to be provided in the COP report, as per paragraphs 13 and 14 of decision 4/CP.19, which state that the IRM process should reach a very significant scale.
454. The Secretary to the Board:
- (a) Drew attention to tables included in the draft report, one of which refers to guidance provided by the COP since the inception of the Fund, including the initial guidance provided at COP 19;
 - (b) Stated that more information can be included in the report to provide a clearer picture of how the Fund has responded to such guidance;
 - (c) Explained that paragraphs 11–16 of the Annex to decision 5/CP.19 contain elements that are to be included in the reports of the Fund to the COP, which is also reflected in the draft report; and
 - (d) Indicated that more detailed information regarding the Fund's response to paragraphs 13 and 14 of decision 4/CP.19 will be included to reflect how the IRM process has aimed to meet the challenges and needs of developing countries.
455. The Co-Chairs proposed that the Board make a request to the current Co-Chairs, assisted by the Secretariat, to finalize the draft report of the Fund to the COP, taking into consideration comments and amendments made at the meeting, and forward the report to the Secretariat.
456. A Board member requested clarification on the term "current" Co-Chairs, also in the light of the presentation of the report to the twentieth session of the COP. The General Counsel

provided clarification that this would refer to the Co-Chairs of this meeting and not the incoming Co-Chairs.

457. The Co-Chairs noted that comments would be reflected and the Co-Chairs would be responsible for the proper reflection of the comments made.

458. A Board member asked for clarification as to why the draft decision as contained in the document was not considered. The Co-Chairs explained that it had been revised in order to reflect inputs received from Board members.

459. There were no objections to the Co-Chairs' proposal and decision B.08/23 was adopted.

460. The Co-Chairs invited comments on document GCF/B.08/39 *Options for an Institutional Linkage between the United Nations and the Fund*.

461. Various Board members indicated the necessity of achieving clarity on this important issue and of securing privileges and immunities for Secretariat staff.

462. A Board member highlighted possible difficulties regarding approval by the United Nations General Assembly (UNGA) of an institutional linkage, and expressed preference for securing privileges and immunities on a bilateral basis to avoid conferring authority over the Fund to the United Nations Secretary-General. They indicated that an establishment of linkages between the United Nations and the Fund would raise a number of concerns with regard to the possibility of undermining the independence of the Board and consistency with the Governing Instrument, as well as the administrative arrangements of the Fund.

463. Several Board members stated that action on this item was overdue, and the importance of providing United Nations laissez-passer to Secretariat staff. It was noted that bilateral agreements may be the easiest way to proceed, but that this would not enable staff to have a laissez-passer; further clarifications on the implications of establishing such arrangements would be necessary to avoid possible inconsistencies with previous decisions.

464. A Board member suggested making clear in the decision that a request to the General Assembly on linkages should not prejudice the independence of the Fund or the authority of the Executive Director to make decisions on privileges and immunities, nor affect the administration of the Fund. Concurrently, a bilateral agreement on privileges and immunities should also be drafted so that if the General Assembly pathway is not successful, the Fund could take a parallel track.

465. A Board member requested the Secretariat to draft a bilateral agreement, provide information on how long this would take and whether a new agreement would be required every time a staff member of the Secretariat travels to a country.

466. The Executive Director said that if the General Assembly agrees to institutional linkage, negotiations on the legal document of the institutional linkage would take place with the United Nations Secretariat and that the lengthy path of bilateral and multilateral agreements could be pursued in parallel to the recommendation to the COP and UNGA.

467. A representative of the Secretariat proposed some language for this recommendation, and stated that irrespective of institutional linkage action, it would be desirable to enter into agreements with countries in which the Fund operates. The opinion was expressed that multilateral agreements could be open to all Parties and contain core legal provisions.

468. A Board member offered clarification on the nature of the independence of the Fund, pointing to the information provided by the United Nations Office of Legal Affairs, which highlighted the subsidiary nature of the Fund to the COP.

469. A Board member suggested drafting language for inclusion in the decision.

470. The item was placed in abeyance until the language was drafted and included, and the revised decision was presented to the Board.

471. Agreement on the recommendation to the COP was reached and decision B.08/24 was adopted.

Agenda item 33: Date and venue of the ninth Board meeting

472. The Co-Chairs opened the agenda item.

473. The Secretariat's proposal to hold the ninth meeting of the Board on 25 to 27 February 2015 in Songdo, Republic of Korea, was accepted.

474. Board members discussed the length of the Board meeting, debating whether it should be held over three, four or five days, including or excluding a day for constituency meetings or informal meetings.

475. Calls were made to increase the efficiency of meeting times. A few members proposed to limit the speaking time available for individual members to four minutes each; however, other members had reservations about such an approach.

476. There was also a call to receive meeting documents in line with the RoP, 21 days before the meeting at the latest. A few members suggested that any documents sent after this deadline should not be discussed by the Board, in particular, given the constraints of the developing country constituency with members from different continents and time zones.

477. On the basis of a proposal by a Board member, it was agreed to have a three-day Board meeting accompanied by one day for constituency meetings.

478. There were no objections and decision B.08/25 was adopted.

Agenda item 34: Election of Co-Chairs

479. The Co-Chairs opened the agenda item, in a closed executive session.

480. The Co-Chairs asked the constituencies to nominate candidates for the election of Co-Chairs.

481. Board member Ms. Irene Jansen, on behalf of the developed country constituency, nominated Mr. Henrik Harboe.

482. Board member Mr. Shri Dipak Dasgupta, on behalf of the developing country constituency, nominated Mr. Gabriel Quijandria.

483. The nominated members were elected as the Co-Chairs for a period of one year.

484. The item was closed.

Agenda item 35: Other matters

485. The Co-Chairs opened the agenda item.

486. Board member Mr. Ziqian Liang expressed his regret for leaving his position as a Board member of the Fund to take up other responsibilities in his Ministry. He noted the importance of the Fund for the planet and the future, and the increasing attention enjoyed by the Fund worldwide. He expressed his confidence in the Fund and in the work of its members.

487. The Co-Chairs thanked Mr. Ziqian Liang.
488. A Board member expressed the opinion that if the ninth meeting of the Board was held over a three-day period, they should adjourn each day no later than 7 p.m., to be more productive.
489. Another Board member thanked the Executive Director, the Secretariat and Interim Trustee. Regarding the latter, they noted that the Board was happy with their work.
490. Board member Mr. Patrick McCaskie thanked the Secretariat and the Board on behalf of the government and people of Barbados for accepting the offer to host the meeting, and said he was humbled by their presence in Barbados. He noted that he had plenty to report on to his Ministry, and although they could have done better, the outcome of the meeting was good.
491. He also recognized the Secretariat staff for their hard work, stated that they deserved thanks and praise, and urged the Board to support them, especially as the Fund is still young and the Secretariat needs time to mature.
492. No decision was taken under this agenda item and the Co-Chairs closed it.

Agenda item 36: Closure of the meeting

493. The Co-Chairs opened the agenda item.
494. The Co-Chairs informed the Board that the document containing the decisions adopted by the Board during its eighth meeting (document GCF/B.08/45 *Decisions of the Board – Eighth Meeting of the Board, 14-17 October 2014*) and the draft report of the eighth meeting (document GCF/B.08/46/Drf.01 *Draft Report of the Eighth Meeting of the Board, 14-17 October 2014*) would be circulated to the Board electronically. Board members would be asked to provide comments on the draft report to be submitted for adoption at the beginning of the next Board meeting.
495. Developing country Co-Chair, Mr. Ayman Shasly, expressed his pleasure and honour at sitting in as Co-Chair for the eighth meeting of the Board, which he felt was a very rich and rewarding experience, and thanked all participants for their cooperation.
496. Developed country Co-Chair, Mr. Manfred Konukiewitz, expressed his feelings at his term as Co-Chair coming to an end; a mixture of relief at the end of a demanding assignment, and sadness at an intense experience of cooperation coming to an end.
497. The Co-Chairs thanked the Executive Director, Ms. H la Cheikhrouhou, and the Secretariat, for their excellent cooperation and work, and recognized the work of the new Secretary to the Board, Ms. Carolina Fuentes. They added that, although at times the process had been difficult due to the large number of new Secretariat staff, good steps forward had been made, and they were confident that a good organization was being built which would be ready at the vital time. They were optimistic that the Fund would achieve good resource mobilization.
498. The Co-Chairs paid tribute to former developing country Co-Chair, Mr. Jose Maria Sarte Salceda.
499. The Co-Chairs brought the eighth meeting of the Board to a close.

Annex I: Decisions taken between meetings

DECISION B.BM-2014/04

The Board, having reviewed document B.BM-2014/04 Green Climate Fund Logo – Recommendation of the Logo Selection Panel:

- (a) *Decided to accept the recommendation of the Logo Selection Panel and adopt the chosen design as the Fund's logo;*
- (b) *Noted that the use of the logo, and the related visual identity of the Fund, should be clear and consistent in order to ensure visibility for the Fund's actions;*
- (c) *Requested the Secretariat to develop visual identity guidelines for the Fund together with the designer;*
- (d) *Requested the Secretariat to trademark the logo design in order to protect its authorized usage and safeguard the Fund's visual brand image;*
- (e) *Requested the Secretariat to announce and implement the new logo and visual identity across all of the Fund's online and offline publications as soon as the visual identity guidelines are in place, and to communicate this appropriately to partners, stakeholders, and media accordingly; and*
- (f) *Thanked the Logo Selection Panel and the designer for their work.*

DECISION B.BM-2014/05

The Board, through a decision taken between meetings on a no-objection basis:

Decided that its third meeting in 2014 will take place in Barbados from 14 to 17 October.

DECISION B.BM-2014/07¹

The Board, through a decision taken between meetings on a no-objection basis:

Approved the accreditation of the following as observer organizations with the Fund:

International entities:

Banque Ouest Africaine de Développement (BOAD)

International Federation of Red Cross and Red Crescent Societies

International Organization for Migration (IOM)

Nordic Development Fund (NDF)

The World Bank (International Bank for Reconstruction and Development (IBRD) and the

International Development Association (IDA))

United Nations Children's Fund (UNICEF)

World Food Programme (WFP)

¹ Decision B.BM-2014/06 was approved between the sixth and seventh Board meetings and was referenced in the Report of the Seventh Meeting of the Board.

Civil society organizations:

Ecoforum of NGOs of Uzbekistan (Ecoforum)

Global Canopy Foundation

International Centre for Development and Environment (ICED)

Nature Code - Zentrum für Entwicklung & Umwelt (Centre of Development & Environment)

Renewable Energy and Energy Efficiency Partnership (REEEP)

Private sector organizations:

African Biofuel and Renewable Energy Company (ABREC)

Banka BioLoo Pvt Ltd

European Development Financing Institutions (EDFI)

Geomedia Ltd.

KPMG Samjong Accounting Corporation

RSM GC Advisory Services Private Limited

Annex II: List of Board members and alternate members participating in the meeting

Members of the Board

Mr. Christian N. Adovelande
H.E. Mr. Jan Cedergren
Mr. Omar El-Arini
Mr. Zaheer Fakir
Mr. Jorge Ferrer Rodriguez
Mr. Henrik Harboe
Mr. Shuichi Hosoda
Ms. Irene Jansen
Mr. David Kaluba
Mr. Manfred Konukiewitz (Co-Chair)
Ms. Andrea Ledward
Mr. Ziqian Liang
Mr. Leonardo Martinez-Diaz
Mr. Patrick McCaskie
Ms. Mariana Inés Micozzi
Mr. Gabriel Quijandria
Mr. Stefan Marco Schwager
Mr. Ayman Shasly (Co-Chair)
Ms. Ludovica Soderini
Mr. George Zedginidze

Alternate members of the Board

Mr. Irfa Ampri
Mr. Shri Dipak Dasgupta
H.E. Mr. Ali'ioaiga Feturi Elisaia
Ms. Ana Fornells de Frutos
Mr. Norbert Gorissen
Mr. Rod Hilton
Mr. Petr J. Kalas
Mr. Tosi Mpanu
Ms. Bernarditas Muller
Mr. Tomonori Nakamura
Mr. Rodrigo Rojo
Mr. C. Alexander Severens
Mr. In-Chang Song
Mr. Angel Valverde Gallardo
Mr. Josceline Wheatley
