



**GREEN
CLIMATE
FUND**

Meeting of the Board
8 – 10 March 2016
Songdo, Incheon, Republic of Korea
Provisional agenda item 8 (c)

GCF/B.12/05/Rev.01

4 March 2016

Matters outstanding from previous Board meetings: Proposal from the Co-Chairs

Summary

This document contains a proposal by the Co-Chairs on outstanding matters, including:

- 1) Establishment of the Appointment Committee as a standing Board committee;
- 2) Arrangements for the first formal replenishment of the Fund;
- 3) Simplified processes for the approval of proposals for certain activities, in particular small-scale activities;
- 4) Decision-making in the absence of consensus;
- 5) Decisions taken between meetings;
- 6) Travel policy;
- 7) Participation of observers;
- 8) Annual review of financial terms and conditions;
- 9) Review of the gender policy and gender action plan; and
- 10) Financial terms and conditions.

I. Introduction

1. At the informal Board Dialogue held in Cape Town, South Africa from 2-4 February, the Co-Chairs introduced a draft 2016 Work Plan for consideration by Members. As part of their proposal the Co-Chair identified a number of agenda items outstanding from previous Board meetings. These agenda items are contained in this document, along with a number of procedural decision requesting the Co-Chairs, with support from the Secretariat, to consult further on these matters and to report back to the Board at a later stage.

II. Establishment of the Appointment Committee as a Standing Board Committee

2.1 Background

2. In its Decision B.06/08, the Board requested Secretariat to present to the seventh Board meeting a proposal, with draft terms of reference, to establish a Board committee to assist the Board in the appointments, performance reviews, salary decisions and accountability of the Head of the independent Evaluation Unit, the Head of the independent Integrity Unit and the Head of the independent Redress Mechanism Unit as well as the Executive Director.

3. The matter was not addressed at the seventh meeting of the Board and was deferred to its next meeting, at which the Board was unable to take up the issue.

4. In decision B.09/14, the Board established an Ad Hoc Appointments Committee to oversee the selection process for the Heads of the Independent Accountability Units. The Ad Hoc Committee is expected to conclude its work in 2016.

5. In decision B.11/06, the Board established the Executive Director Performance Review Committee as an ad hoc committee of the Board to undertake and conclude a review of the performance of the Executive Director by the first meeting of the Board in 2016.

6. In decision B.11/08, the Board decided to establish the Budget Committee as a standing committee of the Board and requested the Secretariat to present the terms of reference of the committee for consideration by the Board at its twelfth meeting.

2.2 Proposed action by the Board

7. A draft decision text relating to this matter is included in annex I to this document.

III. Arrangements for the first formal replenishment of the Fund

3.1 Background

8. In decision B.05/17, the Board decided that the Fund's resource mobilization process will commence through an initial resource mobilization (IRM) process as soon as possible and transition subsequently to a formal replenishment process. In paragraph (d) of this decision, the Board decided that "the policies, procedures and documents necessary to trigger the first formal replenishment meeting" will be decided upon when the IRM process is completed.

9. In decision B.08/13, the Board endorsed the Policies for Contributions, which included a trigger to initiate the formal replenishment process: once the cumulative funding approvals of

the GCF exceed 60 per cent of the total contributions received during the IRM, the GCF will initiate a formal replenishment process. Participants in the IRM process expect this level to be reached by June 2017.

10. In its guidance to the GCF, the Conference of the Parties of the United Nations Framework Convention on Climate Change, at its twenty-first session, requested the Board to agree on the arrangements for the first formal replenishment process of the Fund as soon as was feasible.¹

11. At its eleventh meeting, the Board considered a document on the first formal replenishment process but was unable to reach agreement on the matter.

3.2 Proposed action by the Board

12. A draft decision text relating to this matter is included in annex II to this document.

IV. Simplified processes for the approval of proposals for certain activities, in particular small-scale activities

4.1 Background

13. Paragraph 53 of the Governing Instrument for the GCF states that “the Fund will have a streamlined programming and approval process to enable timely disbursement. The Board will develop simplified processes for the approval of proposals for certain activities, in particular small-scale activities”.

14. At its seventh meeting, the Board adopted the initial proposal approval process (decision B.07/03). A document containing a draft decision on a simplified approval process for certain activities, in particular small-scale activities, was developed for the eighth meeting of the Board but was not considered.²

15. At the eleventh meeting of the Board, an updated document on simplified approval processes was circulated but not considered. At the same meeting, during the discussion on agenda item 32, “Other matters”, the Co-Chairs requested Board members to provide their comments by the end of the year on document GCF/B.11/17 titled “Simplified processes for approval of proposals for certain activities, in particular small scale activities”. Submissions were received from eight (8) Board members on behalf of Australia, Canada, Egypt, France, Germany, small island developing States, Sweden, and the United Kingdom of Great Britain and Northern Ireland (see document titled “Compilation of Submissions - Simplified processes for approval of proposals for certain activities, in particular small-scale activities”³).

16. In decision B.11/11, the Board agreed to include in its consideration of the 2016 workplan, matters related to outstanding decisions regarding the proposal approval process and the project and programme activity cycle. This would include the consideration of matters related to the implementation of decision B.07/03 and annex VII thereto, and paragraph 53 of the Governing Instrument for the GCF with regard to the simplified process for the approval of proposals for certain activities, in particular for small-scale activities.

¹ UNFCCC decision 7/CP.21, paragraph 10.

² Document GCF/B.08/21 titled “[Approval process - draft terms of reference of the independent Technical Advisory Panel](#)”.

³ Circulated to the Board on 28 January 2016.

4.2 Proposed action by the Board

17. A draft decision text relating to this matter is included in annex III to this document.

V. Decision-making in the absence of consensus

5.1 Background

18. According to paragraph 14 of the Governing Instrument for the Fund “decisions of the Board will be taken by consensus of the Board members” and the Board is mandated to “develop procedures for adopting decisions in the event that all efforts at reaching consensus have been exhausted”.

19. Paragraph 12 of the Rules of Procedure of the Board provides that “the Co-Chairs will be responsible for ... dealing with all procedural matters, including, but not limited to, issues regarding formal decision-making procedures, putting questions to a vote if consensus is not reached, and announcing the results of any formal votes taken”.

20. At its March 2013 meeting in Berlin, Germany, the Board requested the Co-Chairs to consider the matter of formal voting and report back to the Board on this matter at its June 2013 meeting (decision B.01-13/01, para. (l)). Based on Board discussions and the feedback received from members of the Board, the Co-Chairs at the time compiled an informal note (document GCF/B.04/12 titled “Voting procedures for the Board”) containing four options for progressing work on formal voting procedures for the Board. The Board took note of the information presented in the informal note and decided to further consider the options outlined in it.⁴

21. In decision B.08/14, paragraph (b), the Board requested “the Secretariat to develop options for procedures for adopting decisions in the event all efforts at reaching consensus have been exhausted for consideration by the Board at its first meeting in 2015 taking into consideration document GCF/B.08/44 (Limited Distribution)”.

5.2 Proposed action by the Board

22. A draft decision text relating to this matter is included in annex IV to this document.

VI. Decisions taken between meetings

6.1 Background

23. Paragraph 41 of the Rules of Procedure of the Board provide that “notwithstanding the provisions set forth in paragraph 29 above [on Extraordinary Board meetings], in between Board meetings, the Secretariat, after approval of the Co-Chairs, may transmit to Board members a proposed decision with an invitation to approve the decision within a prescribed period (generally 21 days but in urgent cases no less than one week), on a no-objection basis”.

24. Paragraph 42 of the Rules of Procedure states that “the Board will adopt guidelines to determine in which cases decisions without a Board meeting may be requested”. It also states

⁴ Document GCF/B.04/17 titled “Decision of the Board – Fourth Meeting of the Board, 26-28 June 2013”, paragraph 5.

that “prior to the adoption of such guidelines, the Co-Chairs will determine on a case-by-case basis which decisions may be requested without a Board meeting”.

6.2 Proposed action by the Board

25. A draft decision text relating to this matter is included in annex V to this document.

VII. Travel policy

7.1 Background

26. In decision B.01-13/02, the Board identified the elements related to its interim travel policy, and requested the interim Secretariat to present to it, at its September 2013 a working document to be applied for funding the travel of Board members, alternate Board members, advisers, active observers and staff of the independent Secretariat. A revised travel policy was presented and discussed at the fifth, sixth and eighth meetings of the Board. However, the Board has been unable to conclude this matter.

7.2 Proposed action by the Board

27. A draft decision text relating to this matter is included in annex VI to this document.

VIII. Participation of observers

8.1 Background

28. In decision B.01-13/03 the Board approved the guidelines relating to the participation, accreditation of observer organizations and participation of active observers.⁵ In paragraph 17 of the guidelines, the Board agreed that a comprehensive review of observer participation, including the selection process of active observers, involving a wide range of stakeholders will be undertaken after a trial period of two years. In accordance with the decision, the review was due for consideration by the Board in March 2015.

8.2 Proposed action by the Board

29. A draft decision text relating to this matter is included in annex VII to this document.

IX. Annual review of financial terms and conditions

9.1 Background

30. In decision B.09/4, the Board adopted the financial terms and conditions of grants and concessional loans. The Board further decided to review the financial terms and conditions of the Fund’s instruments on an annual basis.

⁵ Annex XII to decision B.01-13/03 (annex XII to document GCF/B.01-13/12).

9.2 Proposed action by the Board

31. A draft decision text relating to this matter is included in annex VIII to this document.

X. Review of the Gender Policy and Action Plan

10.1 Background

32. In decision B.09/11, the Board adopted its gender policy and action Plan, and requested the Secretariat to take the necessary measures in order to expedite the implementation of the policy and action plan. The Board also requested the Secretariat's Gender and Social Development Specialist to conduct a review of the gender policy and action plan, in consultation with the civil society organizations accredited with the Fund, and to submit an updated version of both by the twelfth meeting of the Board.

10.2 Proposed action by the Board

33. A draft decision text relating to this matter is included in annex IX to this document.

XI. Financial terms and conditions

11.1 Background

34. In decision B.09/04, the Board adopted the financial terms and conditions of grants and concessional loans. The Board also decided that the Fund will use differentiated terms for outgoing concessional loans to the public sector following the principles and factors set out in annex III to decision B.05/07 (annex III to document GCF/B.05/23). The Board also decided to consider at the tenth meeting of the Board a proposal regarding the cases in which the high-level concessional terms and the low-level concessional terms, for public sector proposal will apply.

35. In decision B.10/03, the Board requested the Risk Management Committee, with the support of the Secretariat, to present a revised document on this matter for consideration by the Board at its twelfth meeting.

36. The Board, in decision B.09/04, further requested the Secretariat to prepare and submit for the Board's consideration at its tenth meeting a brief guideline on the application of the case-by-case provisions in the financial terms and conditions of the Fund's instruments. The Board took note of the document GCF/B.10/Inf.10 "Brief guideline on the application of the case-by-case provisions in the financial terms and conditions of the Fund's instruments".

11.2 Proposed action by the Board

37. A draft decision text relating to this matter is included in annex X to this document.

XII. Review of the Scaling Pilot

12.1 Background

38. At its ninth meeting, the Board decided to use a scale of low/medium/high in order to assess the relative expected performance of a subset of projects and programmes based on the initial investment criteria as reflected in decision B.09/05, paragraph (f). The Investment Committee was requested, with the support of the Secretariat, to discuss and recommend to the Board to which subset of funding proposals the scaling pilot would apply.

39. In its decision B.10/17, paragraph (c) the Board decide that that the scaling pilot will apply to all medium and large proposals. The Board further decide, in paragraph (d), that in monitoring the effectiveness of the scaling pilot, mitigation proposals will only be compared with mitigation proposals and adaptation proposals will only be compared with adaptation proposals. Finally the Board requested the Secretariat, in paragraph (e) to review the scaling pilot on an annual basis and to communicate its findings to the Investment Committee and to the Board.

12.2 Proposed action by the Board

40. A draft decision text relating to this matter is included in annex XI to this document.

Annex I: Draft decision of the Board on the establishment of the Appointment Committee as a Standing Committee

The Board,

Requests the Co-Chairs to consult with Board members and alternate Board members on the establishment of an Appointments Committee as a standing committee of the Board and to present, for consideration by Board, the outcomes of their consultations no later than the fifteenth meeting of the Board.

Annex II: Draft decision of the Board on arrangements for the first formal replenishment of the Fund

The Board,

- (a) Requests the Co-Chairs to consult with a view to presenting, for consideration by the Board, the documents, policies and process related to the first formal replenishment of the GCF no later than the fourteenth meeting of the Board;
- (b) Also requests the Co-Chairs to present their initial observations on the first formal replenishment process at an informal session of the Board to be held prior to the thirteenth meeting of the Board; and
- (c) Further requests the Secretariat to support the Co-Chairs in the preparation of documentation related to the design and development of the first formal replenishment process.

Annex III: Draft decision of the Board on simplified processes for the approval of proposals for certain activities, in particular small-scale activities

The Board, having considered the views of Board members contained in document titled “Compilation of Submissions - Simplified processes for approval of proposals for certain activities, in particular small-scale activities”¹,

- (a) Requests the Co-Chairs to consult the Board with a view to presenting for consideration by the Board, the outcome of their consultations related to simplified processes for the approval of proposals for certain activities, in particular small-scale activities, no later than its thirteenth meeting; and
- (b) Also requests the Secretariat to support the Co-Chairs in the preparation of the documentation related to the consideration by the Board of a simplified approval process.

¹ Circulated to the Board on 28 January 2016.

Annex IV: Draft decision of the Board on decision-making in the absence of consensus

The Board,

- (a) Requests the Co-Chairs to consult with a view to presenting, for consideration by the Board, further options for decision-making in the absence of consensus no later than its fifteenth meeting.

Annex V: Draft decision of the Board on decisions taken between meetings

The Board,

(b) Requests the Co-Chairs to consult with a view to presenting for consideration by the Board, matters related to the guidelines to determine in which cases decisions may be taken without a Board meeting, no later than its fifteenth meeting.



Annex VI: Draft decision of the Board on travel policy

The Board,

- (c) Requests the Co-Chairs to consult with a view to presenting for consideration by the Board, the Travel policy of the Fund no later than its fourteenth meeting.

Annex VII: Draft decision of the Board on the participation of observers

The Board,

- (a) Requests the Co-Chairs to consult with the Board, active observers and accredited observer organizations in relation to the comprehensive review of the participation of observers in the activities of the Board, with a view to presenting for consideration by the Board the terms of reference for this review no later than the thirteenth meeting of the Board;
- (b) Invites observer organizations to submit to the Secretariat views on the terms of reference for the review by 10 April 2016; and
- (c) Requests the Secretariat to support the Co-Chairs in the preparation of the terms of reference and to undertake the review for consideration by the Board at its fifteenth meeting.

Annex VIII: Draft decision of the Board on annual review of financial terms and conditions

The Board,

- (a) Decides to defer the annual review of financial terms and conditions to its sixteenth meeting, which will be held in 2017; and
- (b) Requests the Investment Committee to provide the draft terms of reference of the annual review for consideration by the Board at its fifteenth meeting.

Annex IX: Draft decision of the Board on review of the gender policy and the gender action plan

The Board,

- (a) Decides to review the gender policy and gender action plan at its fifteenth meeting, which will be held in December 2016; and
- (b) Requests the Secretariat to provide the draft terms of reference of the review for consideration by the Board at its thirteenth meeting.

Annex X: Draft decision of the Board on financial terms and conditions

The Board,

- (a) Decides to defer its consideration of the cases in which the high-level concessional terms and the low-level concessional terms for public sector proposal will apply, to its sixteenth meeting, which will be held in 2017; and
- (b) Requests the Co-Chairs to consult with the Risk Management Committee and the Investment Committee in order to provide the draft terms of reference of financial terms and conditions, based on lesson learned from the current application of financial terms and conditions, for consideration by the Board at its fifteenth meeting.

Annex XI: review of the Scaling Pilot

The Board,

- (a) Decides to defer the annual scaling review till 2017 and requests the Co-Chairs to include this matter in the Work Plan for 2017.
