



**GREEN  
CLIMATE  
FUND**

**Meeting of the Board**  
8 – 10 March 2016  
Songdo, Republic of Korea  
Provisional agenda item 5

**GCF/B.12/Inf.01**

4 March 2016

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# Report on activities of the Co-Chairs

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## **Summary**

This report informs the Board of the main activities undertaken by the Co-Chairs from early November to early March 2016.

## I. Introduction

1. This report informs the Board of the main activities undertaken by the Co-Chairs from early November to early March 2016.

## II. Activities during the reporting period

### 2.1 Co-Chairs' work and teleconferences

2. The Co-Chairs held a series of in-person meetings, in Paris, France in December 2015, and in Cape Town, South Africa, in February 2016. These meetings have addressed substantive and operational matters relating to progressing the work of the Fund.

3. The Co-Chairs and the Secretariat have conducted regular teleconferences during the reporting period in order to follow up on ongoing work and deliver on mandates from the eleventh meeting of the Board (B.11), prepare for the informal Board dialogue, and prepare for the twelfth meeting of the Board (B.12).

4. Following their election at B.11 in November 2015, the Co-Chairs met at the Conference of the Parties (COP) of the UN Framework Convention on Climate Change in December 2015. The Co-Chairs also met with the Secretariat to discuss the forward work plan, and met informally with Board members and Board alternate members in attendance at the COP.

### 2.2 The informal Board dialogue

5. Under the leadership of the Co-Chairs, and in collaboration with South Africa and with the support of the Secretariat, an informal Board dialogue was held from 2 February to 4 February 2016 at the Kirstenbosch National Botanical Garden in Cape Town. The meeting played an important role in identifying the how the Board will work to achieve the Fund's objectives in 2016. A Co-Chairs' summary of the dialogue was circulated to members of the Board on 12 February (See Annex).

### 2.3 Twelfth meeting of the Board

6. In preparation for B.12, which will take place in Songdo, Republic of Korea, from 8 to 10 November 2016, the Co-Chairs conducted constituency consultations to finalise the provisional agenda, and the 2016 Work Plan. The provisional agenda was circulated to the Board on 12 February 2016 and made available as document GCF/B.12/01/Drf.01 on the GCF website.

### 2.4 Documents and draft decisions between meetings

7. In accordance with the Rules of Procedure, the Co-Chairs identified the following items to be addressed between B.11 and B.12:

- (a) "Appointment of members to the ad hoc group for the Strategic Plan for the Green Climate Fund" (proposed decision transmitted to the Board on 18 December 2015 in document GCF/BM-2015/13 for approval by 25 December 2015);
- (b) "Appointment of members to Committees of the Board" (proposed decision transmitted to the Board on 2 February 2016 in document GCF/BM-2016/01 for approval within a period of one week);

- (c) “Accreditation of Observer organizations” (proposed decision transmitted to the Board on 12 February in document GCF/BM-2016/02 for approval by 4 March);
- (d) “Dates and venue for the fifteenth meeting of the Board” (proposed decision transmitted to the Board on 12 February 2016 in document GCF/BM-2016/03 for approval by 4 March 2016).
- (e) “Clarification of decision B.11/11 with respect to deadlines for general conditions – A proposal by the Co-Chairs” (proposed decision transmitted to the Board on a limited distribution basis in document GCF/BM-2016/04 on 24 February 2016 for approval within seven days);
- (f) “Appointment of members to committees of the Board” (proposed decision transmitted to the Board in document GCF/BM-2016/05 on 1 March 2016 for approval by 8 March 2016).

## 2.5 Engagement with the United Nations Framework Convention on Climate Change and its thematic bodies

### 2.5.1 **Addendum to the Fourth Report of the GCF to the Conference of Parties to the United Nations Framework Convention on Climate Change**

8. In accordance with decision B.10/18, the previous Co-Chairs, assisted by the Secretariat, issued and submitted to the UNFCCC Secretariat an addendum to the fourth report of the GCF to the Conference of Parties (COP) to the UNFCCC on 19 November 2015.

### 2.5.2 **Participation in the twenty-first session of the COP**

9. The Co-Chairs participated in the twenty-first session of the COP (COP 21) held in Paris, France from 30 November to 11 December 2015.

10. In line with Decision B.11/09, the former Co-Chairs presented the fourth report of the GCF to the COP on 2 December.

11. The Co-Chairs were invited to participate in various events that took place over the duration of COP 21 which include the following:

- (a) **GCF Side Event, 2 December 2015:** The GCF hosted a side event on 2 December 2015 titled “Deploying Resources of the Green Climate Fund: What Makes a Good Project?” Mr Henrik Harboe, as previous Co-Chair introduced the session on the Fund’s criteria to prioritise investment decisions.
- (b) **GCF Side Event, 9 December 2015:** The GCF hosted a second side-event on 9 December 2015 titled “Looking Beyond Paris”, to exchange views between the Fund and stakeholders on the longer term development of the Fund. The panel included inputs from the Co-Chairs and outgoing Co-Chairs on the progress of the GCF, followed by a question and answer session being moderated by Ms. Winnie Byanyima, International Executive Director, Oxfam.
- (c) **A dialogue with Bill Gates:** A Co-Chair of the Board met with the founder of the Bill and Melinda Gates Foundation on 30 November 2015 on the potential priority investment areas, the broader ambitions of the GCF, and possible opportunities for collaboration.

### 2.5.3 **Collaboration with the TEC and the CTCN**

12. A Co-Chair of the Board, the Chair and Vice-Chair of the TEC; and CTCN representatives met on 4 December 2015 to explore possibilities of collaboration between the technology and the financial mechanisms of the Convention.

2.5.4 **Collaboration with the Adaptation Fund**

13. The Co-Chairs engaged in a dialogue with the Chair and Vice Chair of the Adaptation Fund Board on 8 December 2015 to discuss the potential linkages between the two funds.

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## **CO-CHAIRS' NOTE ON THE INFORMAL BOARD DIALOGUE**

The Informal Board Dialogue of the Board of the Green Climate Fund took place at the National Botanical Gardens, Kirstenbosch, Cape Town, South Africa, from 2 to 4 February 2016. The Dialogue was attended by 36 Board and alternate members, 43 advisors, and four Active Observers.

### **Schedule of meetings**

The Co-Chairs provided clarity on the meeting dates for the twelfth meeting of the Board (B.12), based on the Board's decision that it take place in the week of 7 March. The meeting will take place in Songdo, Incheon City, Republic of Korea, from Tuesday 8 March to Thursday 10 March, with an informal session on Monday 7 March. As per normal practice, the Sunday prior to the informal session, Sunday 6 March, will be set aside for committee and constituency meetings.

The Co-Chairs proposed to schedule a fourth meeting of the Board in 2016, based on the exceptional circumstances of the Board with regard to the outstanding policy work and the collective will to meet the US\$ 2.5 billion funding approvals target. The Co-Chairs will issue a decision between meetings in the coming week that reflects the consensus on a fourth Board meeting to be held in the first half of December.

### **Draft 2016 Work Plan**

The Co-Chairs provided a high-level overview of the draft 2016 Work Plan. The draft outlines the Co-Chairs' proposal on the prioritisation of key matters for the Board's consideration in 2016. The Plan builds on and captures the decisions previously taken by the Board. The Plan also identifies key milestones and policy gaps, which require action by the Board. The draft is based on ongoing consultations with the Secretariat, to ensure the Work Plan captures the correct sequencing and timing of Board decisions to enable the Fund to operate.

The Co-Chairs took note of comments provided by Board members and committed to circulating a revised second draft 2016 Work Plan no later than Friday 12 February. Members will have approximately seven days to provide views on the revised draft, after which the Co-Chairs will amend and formally present the 2016 Work Plan for adoption by the Board at B.12. We expect that this will be the first substantive agenda item for B.12. In addition, the Co-Chairs will circulate the Provisional Agenda for B.12. In accordance with the informal agreement on the schedule of meetings, the revised Work Plan will reflect four Board meetings in 2016.

### **Status of the proposal pipeline**

Following discussion on the schedule of meetings, members requested the Co-Chairs to provide further clarity on the status of the Fund's pipeline.

The Co-Chairs informed the Board that, after consultations with the Secretariat, it seemed unlikely that any funding proposals will be submitted to the Board for approval at B.12. Noting this, in addition to the current policy gaps, the Co-Chairs proposed the following approach to Board meetings in 2016:

1. No funding proposals will be considered at B.12.
2. The focus on B.12 will be to address the outstanding policy gaps such as decisions on the Risk Appetite.
3. The Fund is committed to approving high-quality proposals that are grounded in country ownership, but can demonstrate impact. The Fund invites accredited entities to submit quality proposals.
4. In addition to B.12 in March, the Board will meet a further three times in 2016: at B.13 in June (28-30 June), B.14 in October (18-20 October) and B.15 in December (13-15 December). These meetings will focus on meeting the approvals target of US\$ 2.5 billion by the end of 2016, which will require the Board to institute a plan to ensure the process is on track, the pipeline is being developed, the project preparation facility is providing support to proposal development, and the timely disbursement of readiness resources.
5. The Board has begun its consideration of the Secretariat's staffing and budget to ensure the appropriate staffing profile for a focus on strengthening the readiness and approvals process, the back office and monitoring and evaluation functions.
6. The process of accrediting entities continues to be a priority for the Fund and is an ongoing process that will be bolstered by the approval of the Accreditation Strategy at B.12.
7. A number of other decisions the Board will make will improve the decision-making process related to the approvals process, including the review of the approvals process and the simplification of the proposal templates.
8. In the draft 2016 Work Plan, the Board identified a number of issues that the Co-Chairs would like a mandate to consult and report back to the Board in relation to the approvals process. Issues include matters related to the Board's decision-making process for the approval of funding proposals, and to the simplified approvals process for small-scale activities.

It will be important that this approach is communicated very clearly to countries, accredited entities, potential accredited entities, and stakeholders from civil society and the private sector.

The Co-Chairs noted the convergence of the Board on the need to communicate the reasons for not approving proposals at B.12, and further noted the high level of convergence from all members that the transparency, as well as the status, of the pipeline be significantly enhanced, and that the Board is kept well apprised of these matters. The Co-Chairs undertook to include an agenda item on these matters at B.12.

### **Strategic Plan for the Green Climate Fund**

The rationale behind holding this informal Board dialogue was to provide an opportunity for Board members to engage in the discussions regarding the Strategic Plan. To this end, the Board was arranged in three break-out groups for close to two days. Deliberations focused on the vision, operational priorities and Action Plan of the Strategy. Discussions were based on a note provided by the Facilitator of the Ad Hoc Group, Mr. Karsten Sach. The questions addressed by the break-out groups are presented in Annex I.

One of the most important issues to get to grips with now is the interface between the Work Plan 2016, the Accreditation Strategy, other priority matters and the Strategic Plan. Our current approach is to not duplicate issues and to have parallel conversations on matters that are both strategic in nature, but are also on the agenda of the Board as outlined in the Work Plan 2016.

The Co-Chairs informed the members, that the group on the Strategic Plan had taken note of the robust discussions held in the break-out groups, and that these would feed back into their ongoing efforts to produce a draft Strategic Plan for consideration at B.12.

### **Accreditation Master Agreements**

On this matter, the Co-Chairs underscored a view expressed by many members and accredited entities that one of the clearest and most significant impediments to the operationalization of the Fund is the lack of executed Accredited Master Agreements (AMA). The Co-Chairs further noted that the challenges in concluding the AMAs is deterring and frustrating our current and potential partners.

The Co-Chairs identified the urgent need for the Board to provide the Executive Director and the Secretariat with further policy and negotiating guidance. The Co-Chairs circulated a background note highlighting the main areas where there is a need for further guidance. A large number of members expressed view on the AMAs, the process and mandate to negotiate AMAs, as well as views on the obstacles facing the conclusion of AMAs.

The Co-Chairs noted the general acceptance by the Board that there are gaps in the mandate given to the Secretariat, and that further policy guidance is needed from the Board. The Co-Chairs undertook to work with the Secretariat to prepare a paper on this issue for B.12, with a view to:

1. Emphasising that we consider concluding AMAs with Accredited Entities a major priority;
2. Providing policy guidance to the Secretariat as a complement to their existing mandate; and
3. Providing an assurance to the Secretariat that it has our confidence and full backing to exercise its discretion in view of its technical expertise.

Given the delay in concluding AMAs, Accredited Entities will need more time to meet conditions set at B.11. The Co-Chairs informed members that they will circulate a decision-in-between-meetings for adoption by the Board that would extend certain timelines for accredited entities to obtain their internal approvals and enter into Funded Activity Agreements.

### **Review of the initial proposal approvals process**

During a number of our conversations, members expressed views on the initial proposal approvals process, particularly in the context of our Decision B.11/11 where we agreed to review the initial approvals process, including the matter of concept notes and approvals, the establishment of the project preparation facility, and the simplified approvals process for small-scale activities.

On the review of the initial approvals process, given the immense workload of the Ad Hoc Group on the Strategic Plan and the importance of resolving this matter no later than B.13, the Co-Chairs proposed to take responsibility for overseeing the review of the proposal approval process.

On the project preparation facility, the Co-Chairs proposed that this matter will be placed on the B.12 agenda, where the Board will need to provide guidance on the operation of the Secretariat on the project preparation facility, and approve our decision making procedure on the approval of project preparation facility requests.

On the simplified approvals process, the Co-Chairs proposed a decision at B.12 requesting the Co-Chairs to consult and report back to the Board at B.13 on this matter.

### **Budget and Staffing**

The Co-Chairs introduced a high-level overview related to the Secretariat's administrative budget and staffing in the context of the Board's aspirational funding approvals goal for 2016. The Co-Chairs informed members that, in their judgement and following consultations with the Secretariat, the Secretariat's current staffing levels are incompatible with meeting the \$2.5 billion aspiration. They noted that critical gaps exist in the Secretariat's portfolio development and management capacities, and in its back office support structure.

The Co-Chairs proposed to include the issue on the B.12 agenda for the Board's urgent attention, following the strategic plan discussion.

### **Accreditation Strategy**

The Dialogue was presented with an overview of the accreditation and status of the accreditation of entities to the Fund. Board members expressed views on the way forward on the Accreditation strategy, which will be progressed by the Accreditation Committee.

### **Communications Strategy**

The Co-Chairs introduced the issue of the Communications Strategy of the Fund. The Co-Chairs draft 2016 Work Plan has scheduled the consideration of the Strategy over two meetings, with an initial discussion at B.12 and adoption of the Strategy at B.13. The Co-Chairs noted that the Strategic Plan and the Communications Strategy are intrinsically linked, and it is hoped that the Communications Strategy is guided and informed by the Strategic Plan. However, it is clear that the Fund requires immediate communications support and that the Board must take action on some critical items in the absence of the Strategic Plan. Co-Chairs are in discussions with the Secretariat on how to progress some of these critical areas. In particular, they are looking at how to improve the website and access to core Fund documents and information, and they will provide an update on progress at B.12.

### **Update Report from the *Ad Hoc* Appointments Committee**

Mr. Ayman Shashly, member of the *Ad Hoc* Appointment Committee (APC), provided an update on the status of search process and selection of the Heads of Independent Accountability Units. He reported that the APC held a virtual meeting on 3 February 2016 with the appointed independent firm Perrett Laver for a Longlist Review for the following positions: Head of Independent Redress Mechanism; and Head of Independent Evaluation Unit. Candidates for the Head of Independent Integrity Unit will be presented to the APC in due course.

On the Head of the Independent Evaluation Unit, he reported that 500 candidates expressed their interest (86 with strong recommendations), 36 candidates were long listed among them 29 male and 7 female. The members of the APC reviewed the preferred candidates one by one with Perrett Laver and long listed 7 candidates for in-depth interviews.

On the Head of Independent Redress Mechanism, he reported that 402 candidates expressed their interest, 17 candidates were long listed with very strong recommendations, among them 8 female and 9 male. The members of the APC reviewed the preferred candidates one by one with Perrett Laver and long listed 5 candidates for in-depth interviews.

Noting the way forward, Mr. Shashly said the APC would engage and have a virtual meeting with Perrett Laver for the Shortlisting Review meeting with the

intention of holding virtual interviews with short listed candidates for the three positions before B.12. He further noted that the APC would have in person interviews with short listed candidates for the three positions during the Board meeting in March. He concluded by confirming that the APC will present the final candidates to the Board at B.13 at the latest.

### **Update Report from the Ethics and Audit Committee**

Mr. Leo Martinez-Diaz, Chair of the Committee, provided an update on the status of work. He noted that the Committee is focusing its work on the completion of the Comprehensive Information Disclosure Policy. He stated that the Committee is working to present the final Information Disclosure Policy for consideration by the Board at B.12.

### **Update on the Performance Review of the Executive Director of the Independent Secretariat**

Ms. Andrea Ledward, member of the Committee, provided an update on the status of Executive Director Performance Review process. She noted that in line with the B.11 decision, the Committee has appointed independent external consultants to facilitate the review. The consultants were in Cape Town this week to initiate the review—interviewing members and alternate members of the Board, staff, and observers. This qualitative material is to supplement the results of the online 360 survey, which will be sent to all stakeholder groups. In line with the B.11 decision, the review should be concluded in time to enable the Board to reach an overall assessment of Executive Director performance at B.12.

Ms. Ledward said the Committee and Co-Chairs would produce a limited distribution Board paper for timely circulation prior to B.12. In line with the B.11 decision, the paper will contain the results of the 360-feedback assessment and provide a recommendation on overall Executive Director performance. The Co-Chairs confirmed that the Board would meet in an executive session at B.12 to discuss the results and agree overall assessment of the Executive Director's performance.

The Co-Chairs further noted, as a separate issue, that the Board needs to address the term of the Executive Director's position at B.12. The Board agreed in decision B.01-13/07 that the term of the Executive Directors position is three years, which means the Executive Director's contract will lapse in September 2016. Consequently, we will need to turn our minds to the next term of the Executive Director of the Independent Secretariat when we gather in Songdo in March. Our recommendation is that this discussion takes place during an executive session during B.12, separate to the discussions on the Executive Director's performance review.

**Annex I: Guiding Questions on the Strategic Plan for the Green Climate Fund**

1. What is the Board's vision of the paradigm shift that the Fund will promote?
2. How will the Fund be positioned to support the implementation of the Paris Agreement?
3. How will the Fund programme the resources available to it in the context of the objectives of the Governing Instrument?
4. What measures are necessary to support the development of a Fund-level pipeline of ambitious, country-driven projects and programmes, while ensuring predictability and accessibility?
5. How can the Fund maximize the engagement of the private sector in order to mobilize additional private sector resources, while ensuring full country ownership?
6. How can Accredited Entities and NDAs/FPs support the development of the Fund's portfolio and pipeline?
7. What guidance is needed to improve the understanding of NDAs/FPs and AEs with regard to the kinds of high quality, transformational projects that the GCF is looking to support?
8. What specific measures should be contained in the Action Plan?