



**GREEN
CLIMATE
FUND**

Meeting of the Board
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Songdo, Incheon, Republic of Korea
Provisional agenda item 7

GCF/B.16/Inf.04

14 March 2017

Reports from committees, panels and groups of the Board of the Green Climate Fund

Summary

This document contains the reports on activities that have already conducted or are planned to be undertaken by the following committees and panels of the Board of the Green Climate Fund during the reporting period of November 2016 to February 2017:

- (a) Accreditation Committee;
- (b) Accreditation Panel; and
- (c) Independent Technical Advisory Panel.

I. Introduction

1. This report covers the reporting period of November 2016 to February 2017, and also indicates activities planned to be carried out by the committees and panels of the Board of the Green Climate Fund in advance of its sixteenth meeting (B.16).

II. Report on Activities of the Accreditation Committee

2. The report addresses the mandate given to the Accreditation Committee (AC) in annex IV to decision B.07/02, to provide policy guidance to the Board on accreditation-related matters. The report addresses specific guidance from the Board requesting the AC to continue to elaborate on the draft strategy on accreditation in accordance with decision B.14/08, paragraph (b).

3. This report covers the reporting period of November 2016 to February 2017, and also indicates activities planned to be carried out by the AC.¹

2.1 Activities during the reporting period

4. The AC is comprised of six members of the Board, who are Mrs. Diann Black-Layne (Antigua and Barbuda), Mr. Henrik Harboe (Chair of the AC from Norway), Mr. Lars Roth (Sweden), Mr. Larry McDonald (United States of America), Mr. Richard Muyungi (United Republic of Tanzania), and Mr. Weifeng Yang (China).²

5. The AC had two virtual meetings during the reporting period and discussed accreditation policy matters related to documents for consideration at B.16.³ These include the following:

- (a) Further developing the accreditation framework in accordance with decisions B.13/28, paragraph (b), and B.14/08, paragraph (c); and
- (b) Providing feedback regarding the approach related to the performance review of the members of the Accreditation Panel, to be considered at B.16.

6. The AC Chair met with the Accreditation Panel (AP) and relevant Secretariat divisions in January 2017 at the AP workshop and discussed matters related to streamlining the accreditation process. Further information on accreditation issues discussed at the AP workshop can be found below in the report on activities of the AP.

7. In line with decision B.07/02, paragraph (n), the AC also provided additional feedback as a part of the Secretariat's consultations with the AC regarding the development of the GCF environmental and social management system (ESMS) and environmental and social (E&S) policy. A call for proposals was published on the GCF website on 15 December 2016, with a deadline for submission of 24 February 2017. The draft ESMS structure and E&S policy is intended to be presented for the Board's consideration at its seventeenth meeting.

¹ Decision B.12/20, paragraph (f), states that the Board requested "the committees, panels and groups of the Board to include the actions outlined in the Strategic Plan in their respective deliberations and work programmes, as appropriate, throughout the Initial Resource Mobilization period, and to present these work programmes for consideration at the thirteenth meeting of the Board".

² Mr. Larry McDonald has replaced Mr. Leonardo Martinez-Diaz since February 2017 and Mr. Weifeng Yang has replaced Mr. Wensong Guo since December 2016.

³ Two virtual meetings were held on 18 January and 16 February 2017.

2.2 Next steps

8. In the period after B.16, the AC plans to continue the further development of the accreditation framework.

III. Report on activities of the Accreditation Panel

9. The report addresses the mandate given to the Accreditation Panel, as per decision B.07/02, paragraph (g), to serve as an independent technical panel to advise the Board on matters related to the accreditation of entities to the GCF. Furthermore, the AP is responsible for conducting the accreditation process in accordance with its terms of reference, as adopted by the Board through decision B.07/02, paragraph (h).

10. The report covers the reporting period from November 2016 to February 2017, and also indicates activities planned to be carried out by the AP in advance of B.16.

3.1 Activities during the reporting period

11. During the reporting period, the AP held one workshop at GCF Headquarters in Songdo, Incheon, Republic of Korea, in January 2017. The AP, the Chair of the Accreditation Committee by invitation of the AP, two external technical experts to the AP, and representatives of the Secretariat attended the workshop. During the workshop, the AP also met with various divisions of the Secretariat, including the Country Programming Division, the Division of Mitigation and Adaptation, the Private Sector Facility, the Office of Risk Management, the Portfolio Management Unit, and the Office of the General Counsel, and the Heads of the Independent Redress Mechanism Unit and Independent Integrity Unit. Additionally, the AP held virtual interviews with applicants during the Stage II (Step 1) accreditation review, in order to gain a better knowledge of each applicant and to clarify/discuss Stage II questions raised by the AP. An executive summary of the workshop has been drafted and will be submitted to the AC for comment.

12. The AP, with the assistance of external technical experts, continues to work on the assessment of entities that have applied for accreditation to the GCF and that have successfully completed Stage I as conducted by the Secretariat. While no entity is recommended for consideration at B.16, as at 31 January 2017, five applicants are in an advanced stage of review by the AP in Stage II (Step 1) and are likely to be recommended in subsequent meetings of the Board.

13. The AP has also reviewed evidence provided by accredited entities (AEs) pertaining to conditions and remarks adopted by the Board at the time of their respective accreditation, and this work is ongoing.

14. In line with decision B.14/08, paragraphs (d) and (e), the AP and the Secretariat are finalizing streamlining the accreditation review checklists applied in Stages I and II (Step 1) for efficiency, where possible. In general, and further to the above-mentioned information, the AP has also commenced work on ways to address the Board's mandate on balance, diversity and coverage, and to further improve the efficiency of the accreditation process. The AP hopes to meet between B.16 and the seventeenth meeting of the Board to finalize this body of work.

15. In line with decision B.14/08, paragraph (g), the AP continued to work on establishing a method to measure the baseline for individual accredited entities as well as for the whole portfolio of accredited entities in accordance with decision B.12/30. Additionally, the AP

prepared draft a terms of reference for consultancy associated with this body of work. This has been shared with the Accreditation Committee and the Secretariat for comment and guidance.

16. In line with paragraph 14 of annex V to decision B.07/11, the AP has prepared a draft code of conduct, for which the AP seeks clarification as to the scope and guidance from the Board.

17. In line with decision B.14/08, paragraph (e)(i), the AP continued to work on providing feedback as a part of the Secretariat's consultations with the AP regarding the development of the modalities for the use of third-party evidence. Potential third-party sources include regulators, listing agencies, rating companies, corporate social responsibility rating bodies, existing intermediated financing systems, civil society groups and local communities that could be used when conducting the assessment of an entity for accreditation, in particular for private sector and direct access entities.

3.2 Work programme of the Accreditation Panel

18. The accreditation process is ongoing, and the AP is continuing its review of accreditation applications that have completed Stage I, with the aim of providing recommendations on accreditation in line with GCF accreditation priorities for consideration by the Board at its subsequent meetings.

3.3 Matters where specific guidance from the Board is sought

19. The AP looks forward to the revised draft strategy on accreditation by the Accreditation Committee, so as to clarify the way forward for a number of pending items, such as the potential role and eventual standing of export-import agencies and other specialized entities in the GCF financing framework.

20. The AP also requires specific guidance on the scope and content of the paper on the code of conduct for the Accreditation Panel, in order to guide the finalization of the paper.

21. The AP looks forward also to understanding the procedure and modalities for a performance evaluation of the first set of AP members, whose terms end in October 2017.

IV. Report on activities of the independent Technical Advisory Panel

4.1 Activities during the reporting period

22. The independent Technical Advisory Panel (TAP) continued to review funding proposals and conducted its assessment based on the initial investment framework. Since the previous reporting period, the TAP received 10 funding proposals in total for assessment. The TAP met in Songdo from 27 February to 3 March 2017 and finalized the assessments of the 10 funding proposals.

23. In its assessment of the funding proposals, the TAP continued to engage with the accredited entities. This was done through sending written questions and receiving written responses as well as through a virtual call to present the assessment of the TAP and a discussion on possible conditions and recommendations.

4.2 Matters where specific guidance from the Board is sought

24. The TAP would like to recommend that the Board consider establishing an operation policy guiding the Secretariat and AEs in undertaking effective monitoring, verification and reporting (MRV) of the transactions supported by the GCF for a reasonable time frame and even post completion. The TAP has encountered funding proposals that the GCF might have difficulties when assessing their impact potential and establishing a baseline ex ante, or when monitoring and evaluating the actual impacts ex post. Needless to say the baselines and subsequent MRV are essential for the GCF to evaluate the project effectiveness by comparing the baselines and the real impacts after project implementation.

25. By its structure, a programme transaction has challenges in providing convincing baselines of impact potential since no subprojects are identified when the transactions is presented to the Board for consideration. Nonetheless, in a few transactions, the AEs prepared indicative baselines based on their operational experience in countries and sectors; however, in other transactions, the AEs did not.

26. The TAP has also encountered a few public sector transactions, of which impacts could be recognized (therefore able to be monitored) only after GCF assistance. In those transactions, the TAP was advised that the GCF is unable to access and gather project information, and report back project impacts. The TAP, therefore, had to suggest specific conditions in its assessment note requesting the Secretariat and AEs to continue monitoring the impacts even after the GCF exits. Although those conditions can be effectively implemented if the Board supports this course of action, the TAP believes that it is preferable for the GCF to take a consistent and proactive approach with a relevant operation policy so that AEs are able to prepare funding proposals taking into account such an MRV requirement critical to the GCF even post-completion.
