



GREEN
CLIMATE
FUND

Report of the eighteenth meeting of the Board, 30 September – 2 October 2017

GCF/B.18/24

19 December 2017

Meeting of the Board

30 September – 2 October 2017

Cairo, Arab Republic of Egypt

Agenda item 26

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Agenda item 1: Opening of the meeting

1. Prior to the official opening of the meeting, the Co-Chairs invited Mr. Khaled Fahmy, Minister of Environment of the Arab Republic of Egypt, to address the Board.
2. Mr. Fahmy welcomed the Board members to Cairo and expressed appreciation to the Board for having bestowed upon Egypt the honour of hosting its eighteenth meeting. He wished them a pleasant stay and encouraged them to treat Egypt as their second home. The Minister said that Egypt, as one of the 166 countries that had ratified the Paris Agreement, considered the GCF to be a key driving force in assisting developing countries to meet the ambitious climate goals of the United Nations Framework Convention on Climate Change (UNFCCC) and the Paris Agreement, and a strong catalyst for action in the areas of mitigation and adaptation. He commended the Board members for their remarkable work, in particular those members from developing countries and those who had worked tirelessly since the inception of the GCF first to bring it into operation and subsequently to advance the goals of the Fund. Looking forward to the fruitful outcomes of the meeting, the Minister wished Board members the best of success in their endeavours.
3. The Co-Chairs thanked the Minister for his welcoming statement and expressed appreciation for the hospitality shown by the Government of Egypt since the arrival of the Board members in Cairo. They addressed special thanks to the organizational team in the host country, in particular: Dr. Yasmine Fouad, Ms. Heba ElKady, Mr. Mohamed Fathy, Mr. Mohammed Khater, Mr. Ahmed Sedeek, Mr. Engineer Mohammed Nidal Gamal, Mr. Engineer Mahmoud Nader, the staff of the Centre of International Cooperation and the Finance and Administration Department, and Mr. Mohamed Shihab and the other representatives of the Environmental Affairs Agency.
4. The meeting was called to order at 9:12 a.m. on Saturday, 30 September 2017.
5. The Co-Chairs welcomed the Board to its eighteenth meeting and expressed confidence in the commitment of the Board to work as productively as possible during the meeting ahead, emphasizing their goal to make 2017 the 'year of implementation'. They expressed appreciation to the host Government and to the Board member from Egypt, Mr. Omar El-Arini, and his team, for their valuable efforts in hosting the meeting.
6. Prior to commencing the work of the Board, the Co-Chairs expressed condolences to all those affected by recent natural disasters, including hurricanes in the Caribbean, Latin America and the United States of America, earthquakes in Mexico and volcanic eruptions in Vanuatu and Indonesia, many of which had resulted in extensive loss of life.
7. Subsequently, the Co-Chairs welcomed the incoming members of the Board (hereinafter referred to as Board members): Ms. Judith Gelbman, Ms. Satu Santala and Mr. Tamaki Tsukada, and alternate members of the Board, (hereinafter referred to as alternate members): Mr. Christopher Allison, Mr. Stefan Denzler, Ms. Kordula Mehlhart and Mr. Munenari Nomura.

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

8. The Co-Chairs opened the agenda item and drew the attention of the Board to document GCF/B.18/01/Drf.02 titled "Adoption of the agenda and organization of work". This had originally been circulated to Board members on 8 September 2017 as document GCF/B.18/01/Drf.01 in accordance with the Rules of Procedure of the Board. An updated version had been issued on 30 September 2017 as document GCF/B.18/01/Drf.02.
9. A Board member requested a complete copy of the provisional agenda as their copy was missing part of the information. The Co-Chairs confirmed that this would be corrected.

10. Another Board member proposed that, in future, the agenda include a standing item on the 'status of Board decisions'. The Co-Chairs suggested that this would be useful and that it be taken up at the next Board meeting.

11. There being no objections, the Board adopted the agenda as set out in document GCF/B.18/01/Drf.02 titled "Provisional agenda":

1. Opening of the meeting
2. Adoption of the agenda and organization of work
3. Adoption of the report of the seventeenth meeting of the Board
4. Decisions proposed and approved between the seventeenth and eighteenth meetings of the Board
5. Report on the activities of the Co-Chairs
6. Report on the activities of the Secretariat
7. Reports from committees, panels and groups
8. Reports from the Independent Units
9. Work plan of the Board for 2018
10. Guidance from the Conference of the Parties
 - (a) Actions to be taken by the Board to facilitate an increase in proposals from direct access entities in the pipeline
 - (b) Options for GCF support for collaborative research and development in developing countries
11. Matters related to accreditation
 - (a) Matters related to the accreditation framework and policy gaps: Co-Chairs' proposal
 - (b) Status of accreditation master agreements
 - (c) Consideration of accreditation proposals
12. Risk management framework
13. Review of the structure and effectiveness of the independent Technical Advisory Panel
14. Policy matters related to the approval of funding proposals
 - (a) Simplified approvals process for certain small-scale activities
 - (b) Request for proposals for REDD-plus results-based payments
 - (c) Interim restructuring and cancellation policy
 - (d) Status of the GCF pipeline and portfolio
 - (e) Status of fulfilment of conditions on relevant approved projects
 - (f) Consideration of funding proposals
15. Selection of the Permanent Trustee
16. Matters related to the first formal replenishment period
17. Readiness and Preparatory Support Programme

18. Policies related to prohibited practices, anti-money laundering and countering the financing of terrorism
19. Structure and staffing of the Secretariat
20. Report on the execution of the administrative budget for 2017
21. Work programme of the Secretariat for 2018 and administrative budget
22. Work programmes and budgets of the Independent Units for 2018
23. Dates and venues of the meetings of the Board in 2018
24. Elections of Co-Chairs
25. Other matters
 - (a) Other matters from the seventeenth meeting of the Board
26. Report of the meeting
27. Close of the meeting

Agenda item 3: Adoption of the report of the seventeenth meeting of the Board

28. The Co-Chairs opened the agenda item and drew the attention of the Board to the report of the seventeenth meeting of the Board (B.17) as circulated to the Board (document GCF/B.17/22 (general distribution) and its addenda Add.01 (limited distribution) and Add.02 titled "Report of the seventeenth meeting of the Board, 5-6 July 2017").
29. The addendum (GCF/B.17/22 Add.01) contained Board proceedings on agenda item 17, "Performance management agreements for Board-appointed officials", and agenda item 18 (c), "Matters related to accreditation: accreditation master agreements". It was issued to Board members on a limited distribution basis as a draft addendum to the main report in respect of the closed sessions that had taken place during B.17.
30. The draft B.17 report and its addendum Add.01 were transmitted to the Board on 14 September 2017 for a two-week review period during which no comments were received.
31. A second addendum, document GCF/B.17/22/Add.02, contained the draft GCF report to the Conference of the Parties (COP) to the UNFCCC at its twenty-third session, which had been presented to the Board at B.17.
32. The Board members were invited to take note of the reports and addendum.
33. There being no comments, the Board took note of the reports as circulated.

Agenda item 4: Decisions proposed and approved between the seventeenth and eighteenth meetings of the Board

34. The Co-Chairs opened the agenda item and introduced document GCF/B.17/Inf.07 titled "Decisions proposed and approved between the seventeenth and eighteenth meetings of the Board".
35. The document contained the following decisions taken between meetings approved, in accordance with the Rules of Procedure, on a non-objection basis, namely:
 - (a) "Accreditation of observer organizations";

- (b) “2017 Work plan and Supplementary budget, Independent Evaluation Unit”; and
- (c) “Updated Terms of Reference of the Independent Redress Mechanism (Revised)”.

36. A further decision was transmitted on a limited distribution basis per Rules of Procedure, namely, “Performance review of the members of the Accreditation Panel”. An objection and a comment were received during the non-objection period. Per the Rules of Procedure, the Co-Chairs were working with a Board member to work through said objection.

37. The Co-Chairs would report to the Board when these consultations were concluded.

38. The Board took note of document GCF/B.18/Inf.07 titled “Decisions proposed and approved between the seventeenth and eighteenth meetings of the Board”.

39. On the final day of the meeting, under agenda item 11(c) “Consideration of accreditation proposals”, the Co-Chairs reported to the Board on the status of their consultations with the objecting Board member regarding “Performance review of the members of the Accreditation Panel” within the context of the accreditation framework.

40. They reminded Board members that an objection to the decision taken between meetings had been received and that, as Co-Chairs, they had been addressing the matter in accordance with paragraph 43 of the Rules of Procedure. Under paragraph 43, the Co-Chairs were required to work through the objection with the Board member directly. If the objection was upheld by said Board member following discussions with the Co-Chairs, the proposed decision would be considered by the Board at the following meeting. The Secretariat was required to circulate to Board members and alternate members all written comments, objections and actions taken. The Co-Chairs noted that they had worked through the objection with the Board member but, as it could not be resolved, the objection stood.

41. The Co-Chairs stated that they would circulate the Board member’s objection and the Co-Chairs’ response to Board members and alternate members. The implication of this objection was that the second term for certain AP members could not be confirmed. In accordance with decision B.BM/2017-03, contracts for four members would expire on 17 October 2017, the contract for one member would expire on 30 January 2018 and the contract for a further AP member would expire on 29 June 2019. It was the Co-Chairs’ view that the Secretariat should open the selection process for membership of the AP in order to appoint new members at the nineteenth meeting of the Board (B.19). The Co-Chairs confirmed that they had provided the relevant material to Board members and alternate members.¹

Agenda item 5: Report on the activities of the Co-Chairs

42. The Co-Chairs opened the agenda item and introduced document GCF/B.18/22 titled “Report on the activities of the Co-Chairs”, outlining the activities undertaken by the Co-Chairs since B.17. They invited the Board to take note of the report.

43. In relation to a matter raised by a Board member in an earlier agenda item, the Co-Chairs informed the Board that there was a mechanism in place whereby they received a report from the Executive Director following each of his missions. This provided a summary of outcomes and proposed follow up actions.

44. The Board member who had raised the matter under an earlier agenda item noted that such reports were invaluable, not only for Co-Chairs but for the Board as a whole and for the wider community. They noted that they had been at the Secretariat event in Namibia in a

¹ A record of this statement from the Co-Chairs is also referenced under agenda item 11(c), “Consideration of accreditation proposals”.

different capacity. The experience of the Secretariat at that event with the entities and the country was worthy of wider communication regarding lessons learned.

45. Another Board member wished to record thanks to the Co-Chairs and their respective teams for their hard work. They noted that they were expecting a short report on the implementation of the 2017 Board work plan in order to approve the 2018 Board work plan. In particular, said Board member wished to review those items which had not been implemented in order to understand what had impeded their implementation. It was necessary for the Board to consider how to deal with these items going forward.

46. The Co-Chairs confirmed that a discussion would be held under agenda item 9, “2018 Board work plan”, including reviewing outstanding items.

47. The Board took note of document GCF/B.18/22 titled “Report on the activities of the Co-Chairs”.

Agenda item 6: Report on the activities of the Secretariat

48. The Co-Chairs opened the agenda item and drew the attention of the Board to document GCF/B.18/Inf.04 titled “Report on the activities of the Secretariat” and Add.01 titled “Enhancing cooperation and coherence of engagement with the Technology Executive Committee and the Climate Technology Centre and Network”. They invited the Executive Director to introduce the documents.

49. The Executive Director said that the online portals mentioned in the report would offer national designated authorities (NDAs) and accredited entities (AEs) a clear overview of their engagement with the GCF, and would hopefully be fully operational by B.19. He also noted that the Secretariat had received a great deal of positive feedback from various sources on its efforts to collaborate and improve coherence with other stakeholders in the areas of climate finance and technology. Noting that the Secretariat had engaged an external consulting firm to support the review process of the 350 concept notes submitted in response to the request for proposals (RFP) on mobilizing funds at scale – in line with its previously stated proposal to do so should over 50 submissions be received – the Executive Director expressed confidence that the Secretariat would be able to submit a number of outstanding funding proposals for consideration by the Board in 2018.

50. The Co-Chairs thanked the Executive Director for his introduction and opened the floor for comments.

51. Board members commended the Secretariat for its hard work and achievements, under the leadership of the Executive Director, during the reporting period, noting the improved quality of projects and capacity of the Secretariat to implement its work plan.

52. A number of Board members expressed satisfaction at the high number of concept notes received in response to the RFP.

53. A Board member highlighted the urgent need to implement mitigation-related activities, and requested the Secretariat to provide information on the types of projects described in the concept notes, and the regions to which they related.

54. Another Board member requested the Secretariat to report on progress made on the GCF website and communications strategy, and asked whether video clips demonstrating the work of the GCF had been published on the GCF website. They also noted the absence in the documentation of reports on the structured dialogues and on the missions carried out by the Executive Director and Secretariat staff, and requested the inclusion of such information in future reports on the activities of the Secretariat.

55. A further Board member expressed satisfaction at the progress made on the issue of gender mainstreaming, in particular the increase in the number of gender action plans included in funding proposals, and encouraged the Secretariat to ensure that gender considerations moved beyond a box-ticking exercise to become an intrinsic part of the work of the GCF.

56. Two Board members noted with regret the continuous postponement of a discussion on environmental and social safeguards and policies on indigenous peoples, and urged the Secretariat and Co-Chairs to guarantee consideration of these items during an open session of B.19.

57. A number of Board members called for more timely issuance of Board documents to give Board members sufficient time to review documents in advance of Board meetings. Specifically, a Board member emphasized the need for the decisions of the Board and the report of the meeting to be published swiftly – and preferably, immediately – following the conclusion of each meeting, and proposed that whenever documents were not issued by the deadline of 21 days before the meeting, as stated in the Rules of Procedure, consideration of the relevant agenda item should be postponed to the following Board meeting. The Board member also asked the Executive Director to clarify which policy papers the Secretariat was planning to prepare in advance of B.19 and whether the resulting workload was realistically manageable. Lastly, they asked how the Board could assist the Secretariat in expediting the publication of documents.

58. While recognizing the need for more timely issuance of documents, two Board members noted that certain delays were the result of deliberations between Board members, the Co-Chairs and the Secretariat. One underlined that it would be impossible to publish the decisions of the Board immediately following conclusion of each Board meeting because the Board continued to take decisions until the final moments of each meeting, while another suggested that in order to speed up the process of issuing Board documents in general, the Secretariat should be given the authority to publish the documents without prior consultation with the Board.

59. The Executive Director said that the Secretariat began work on the subsequent batch of documents the day after the conclusion of each Board meeting, and aimed to publish documents even earlier than the 21-day requirement wherever possible. While some delays were the result of internal processes in the Secretariat, other delays were the result of various factors, including late confirmation of the draft meeting agenda, late submission of documents by committees, panels and groups, and the clearance of Board documents by the Co-Chairs. He noted that if the Board were able to confirm its agenda for the following meeting further in advance, and if the Secretariat were able to publish documents without prior screening by the Co-Chairs, this would put the Secretariat in a better position to finalize and publish documents in a more timely manner. With regard to the mainstreaming of gender considerations, and other environmental and social issues, the Executive Director expressed confidence that the GCF had already moved beyond a box-ticking approach, emphasizing that the Secretariat was possibly more demanding on such requirements than any other international organization. Acknowledging with regret that a report on the outcomes of travel undertaken by staff of the Secretariat had not been included in the present document, he described the considerable benefits to be gained from face-to-face meetings with stakeholders, such as AEs and NDAs, and said that a report would be included in Board documents henceforth. Lastly, the Executive Director noted that to his knowledge, the videos mentioned by a Board member had been published on the GCF website.

60. A discussion ensued on measures to be taken to facilitate the timely issuance of Board documents by the Secretariat. Two Board members proposed that by the end of each Board meeting, the Board should confirm the items to be included on the draft agenda for the following meeting; one said that Board decisions should be taken as explicit instructions for the Secretariat to prepare the relevant documentation for the following meeting, and in case of any

ambiguity, the Secretariat should ask the Board for clarification on which documents were required; the Board should also make greater efforts to adhere to its own decisions and stated timelines. The same Board member said that in other organizations, it was standard practice to adopt the report of a Board meeting at the conclusion of the meeting itself, and highlighted the need to maintain the neutrality of the Secretariat to enable it to be as productive as possible. Another Board member proposed that the efficiency and effectiveness of the Board committees, panels and groups should be discussed during the following informal meeting of the Board.

61. The Co-Chairs took note of the proposal by a Board member to review the efficiency of the Board committees, panels and groups, and noted that the issuance of the draft agenda for the current meeting had been delayed as a result of consultations on the priorities of the Co-Chairs' respective constituencies. Although the Co-Chairs currently screen Board documents to ensure they were of sufficient quality before clearing them for publication by the Secretariat, they stated that they were willing to transition to a system whereby the Secretariat issued documents without prior consultation with the Co-Chairs, so as to promote the independence of the Secretariat and facilitate more timely issuance of documents.

62. There being no further comments, the Board took note of document GCF/B.18/Inf.04 and its addendum Add.01 titled "Report on the activities of the Secretariat".

Agenda item 7: Reports from committees, panels and groups

63. The Co-Chairs opened the agenda item and drew the attention of the Board to documents GCF/B.18/Inf.02, and its addenda Add.01 and Add.02 titled "Reports from committees, panels and groups of the Board of the Green Climate Fund". They invited the chairs of the committees, panels and groups to comment on their respective reports, or to report orally in the case of those that had not submitted written reports.

Investment Committee

64. The chair of the Investment Committee said that during the reporting period the Committee had made significant progress on developing indicative minimum benchmarks and would endeavour to submit a proposal for an initial set of benchmarks to the Board at B.19. The Committee had also overseen the review of the structure and effectiveness of the independent Technical Advisory Panel (TAP), and was working with the Risk Management Committee (RMC) to assess the recommendations made in the annual review of financial terms and conditions of the Green Climate Fund financial instruments; at the nineteenth meeting of the Board, the Committee would submit a proposal for a plan on how to implement the recommendations.

Risk Management Committee

65. The coordinator of the RMC noted that the Committee still required one additional member from a developing country to achieve a balance and facilitate quorum at its meetings. During the reporting period, the RMC had reviewed five accreditation master agreements (AMAs) and prepared documents on the risk management framework (RMF), as well as providing guidance to the Secretariat on the Anti-Money Laundering and Countering the Financing of Terrorism policy. The RMC had agreed that the proposed grant equivalent calculator (GEC), which would be submitted to the Board later at the present meeting, was a useful tool for the Secretariat's internal review of funding proposals and for portfolio analysis; Board members were welcome to consult the RMC if they required any clarification on the tool. In addition, the Committee was continuing to collaborate with the Secretariat on the development of risk rating models, which would be presented for consideration by the Board at B.19.

Budget Committee

66. The chair of the Budget Committee ad interim gave a summary of the Committee's written report, which contained an update on the Committee's interactions with the Secretariat on the execution of the 2017 administrative budget, the draft 2018 administrative budget, the status of staffing and the proposed new structure of the Secretariat. Noting that the revised human resources guidelines would be presented to the Board at B.19, they affirmed that the Budget Committee would meet later the following day to discuss human resources-related matters; they would address the Committee's work plan between B.18 and B.19.

Ethics and Audit Committee

67. The chair of the Ethics and Audit Committee (EAC) said that the committee had held six meetings during the reporting period, during which it had discussed a number of policy documents, including the draft policy on anti-money laundering and countering the financing of terrorism, which the Committee was recommending for adoption by the Board at its current meeting. Other matters considered by the EAC related to the external audit and policies on ethics and conflicts of interest. Following the current meeting, the Committee planned to collaborate with the Independent Integrity Unit (IIU) on further developing the prohibited practices policy and the whistle-blower and witness protection policy, both of which would be presented to the Board for consideration at its subsequent meetings. As requested by the Board at its sixteenth meeting (B.16), the EAC would also consider matters regarding conflicts of interest of persons engaged with the GCF, with the aim of presenting its recommendations to the Board at future meetings.

Accreditation Committee

68. Drawing attention to the request made at the twelfth meeting of the Board (decision B.12/30 (d)) for the AP to establish a baseline for AEs, and the subsequent decision to hire a consultant for that purpose, a Board member noted with concern that although the terms of reference (TOR) for the position had been drawn up and the deadline for applications had expired on 4 July 2017, no consultant had yet been hired. The Board member emphasized the importance of establishing the baseline, since entities would soon need to be re-accredited, and urged the Secretariat and the AP to work swiftly to hire a consultant.

69. The Board took note of document GCF/B.18/Inf.02 and its addenda Add.01, Add.02 and Add.03 titled "Reports from committees, panels and groups of the Board of the Green Climate Fund".

Agenda item 8: Reports from the Independent Units

70. The Co-Chairs opened the agenda item and drew the attention of the Board to documents GCF/B.18/Inf.05 titled "Report on the activities of the Independent Redress Mechanism", GCF/B.18/Inf.06 titled "Report on the activities of the Independent Evaluation Unit", and document GCF/B.18/Inf.12 titled "Report on the activities of the Independent Integrity Unit, November 2016 to September 2017". They invited the Board to take note of the documents and opened the floor for comments.

71. A Board member acknowledged the outstanding work of the independent units during the reporting period, and said that it would be beneficial for the Independent Evaluation Unit (IEU) to have a formal affiliation to one of the Board's committees, so as to promote communication between the IEU and the Board. They thus proposed that the Board adopt a decision, either establishing such an affiliation, or creating another formal link with the Board,

to ensure that the IEU was given sufficient support in its work. Another Board member echoed the call for a stronger relationship between the IEU and the Board and Secretariat, to ensure that the findings of the IEU were considered in a serious manner. It would be useful in structuring the IEU to consider the experience of a similar entity at the Global Environmental Facility (GEF).

72. The Co-Chairs took note of the comments and proposals and thanked the heads of the three units for their very important work. Acknowledging the need for a stronger relationship between the Board and the IEU, they proposed that a decision be drafted to address the matter.

73. The Board took note of document GCF/B.18/Inf.05 titled “Report on the activities of the Independent Redress Mechanism”, document GCF/B.18/Inf.06 titled “Report on the activities of the Independent Evaluation Unit”, and document GCF/B.18/Inf.12 titled “Report on the activities of the Independent Integrity Unit, November 2016 to September 2017”.

74. No further action was taken under this agenda item.

Agenda item 9: Work plan of the Board for 2018

75. The Co-Chairs opened the agenda item and introduced document GCF/B.18/21/Rev.01 titled “Work Plan of the Board for 2018: Proposal by the Co-Chairs”.

76. The Co-Chairs invited the active observer from a civil society organization (CSO) to take the floor.

77. The CSO active observer noted with appreciation that most of the policy priorities of civil society, such as the environmental and social policy under the environmental and social management system, the review of the gender policy and the approval of the indigenous peoples’ policy were currently scheduled for B.19. They urged that those priorities were dealt with without further slippage.

78. They also noted that the presentation of the review of the participation of observers in Board meetings was currently only scheduled for the twentieth meeting of the Board (B.20). They asked for support from the Board to have this agenda item addressed at B.19. The presentation was only the first step in the review process and without early action civil society observers would lose another year in having a chance to have improvements in the procedures which were critically needed. The review of observer participation guidelines had been promised for B.16 during the fifteenth meeting of the Board.

79. To illustrate how critical this issue was, the observer provided the following example. The evaluation by the IEU of the GCF Readiness Programme would be handled as a decision taken between meetings before B.19. However, currently, observers did not have any way to participate in such a process and would not have access to the relevant paper. They therefore urged the Board to help address such shortcomings by having the review of observer participation at B.19.

80. The Co-Chairs stated that the comments had been duly noted, including the request to bring forward the presentation of the review of the participation of observers from B.20 to B.19.

81. Regarding the work plan, the Co-Chairs noted that prioritization had not been straightforward in terms of juggling the number of items while ensuring that each meeting was not overburdened and time well managed. In this context, the agenda for B.19 was already very full. They opened the floor for comments.

Initial discussion

82. Several Board members expressed appreciation to the Co-Chairs and Secretariat for a clear and comprehensive plan, with some noting that it looked challenging.
83. In the ensuing discussion, several themes emerged:
- (a) The need to ensure documentation was ready sufficiently in advance of Board meetings for Board members and their teams to consider as set out in the draft decision, which in turn was linked to the preparation of meeting agendas;
 - (b) The role of the Co-Chairs;
 - (c) The importance of the capacity of the Secretariat;
 - (d) Duplication of reporting;
 - (e) The role and timing of informal meetings and their contribution to ensuring the Board could manage its workload effectively;
 - (f) The number and duration of formal Board meetings;
 - (g) The Board's decision-making processes, including how decisions could be made in the absence of consensus;
 - (h) The role of decision-making between meetings, including increasing transparency in respect of observers;
 - (i) The role of Board committees; and
 - (j) The role of the IEU.
84. In addition, several Board members expressed views on priority items or raised queries. One Board member highlighted the ESMS, the indigenous peoples' policy, indicative minimum benchmarks, co-finance, concessionality, and particularly the two-step approval process. They also underlined that the post-approval process needed careful management. Another Board member sought clarification on the whistle-blower and witness protection policy, which the Co-Chairs confirmed was planned for B.19.
85. Two Board members expressed support for the request from the CSO active observer to bring forward the presentation of the review of the participation of observers to the Board, with one noting, however, that the agenda for B.19 was already heavy. Regarding the inability of the active observers to participate on matters where decisions were taken between meetings, a Board member noted that under paragraph 41 of the Rules of Procedure, there was a provision to provide a proposal for a between-meetings decision to active observers. Another Board member cautioned against the excessive use of intersessional decisions.
86. Another Board member wished to see an explicit reference to the grant equivalent calculator at B.19.
87. One Board member proposed that, since there were 36 items which the Board had not been able to address in 2017, and because the Secretariat still needed time to complete important policy papers, there should be an additional meeting (formal or informal) early in 2018 ahead of B.19. However, another Board member said that they could not support an additional meeting and felt that the Secretariat did not have the capacity for this. Another Board member stated that now the IEU had been established it should review the work of the Secretariat; no new policy decisions should be taken by the Board before an independent review had taken place.

Secretariat capacity and work programme

88. Regarding Secretariat capacity, a Board member wished to know whether, even if the Board approved additional staffing under a later agenda item, the Secretariat had the capacity to handle the workload proposed. They also wished to know if there was alignment between the Secretariat work programme document and the proposed 2018 Board work plan. In response to the latter point, the Co-Chairs confirmed that they had consulted the Secretariat's senior management team while the 2018 Board work plan was being developed. The Executive Director confirmed that the Secretariat, in consultation with the Co-Chairs and the Board, was reviewing its ability to produce the documents at least 21 days before B.19 in the light of the provisional agenda and particularly their sequencing. The Secretariat would be able to provide the Board with a definitive view later during the meeting.

Between-meetings decisions and Board committees

89. A Board member requested clarification as to which decisions the Co-Chairs were proposing would be considered between meetings. They also proposed that the 2018 Board work plan should clearly state which Board committee was addressing which issue. Regarding the release of documents, they suggested that even if there was no consensus in the committee, the document should be released at a certain point. They noted that the Accreditation Committee (AC) had issued two documents – one which had been finalized and a second, where a number of matters were still under discussion. Another Board member suggested that the Board consider using some form of e-platform where there was disagreement or the need for further consultations ahead of meetings.

Documentation

90. With reference to documentation, two Board members proposed deadlines after which, either documents would not be considered by the Board or would be deferred to the next meeting. One Board member proposed that this cut off should be 6 weeks prior to the meeting, and another proposed using the 21 days, as per the Rules of Procedure. The Co-Chairs confirmed that the existing Rules of Procedure required documents to be transmitted to Board members at least 21 days prior to the meeting. Where it was not possible to do so, then at least a timeline should be stated no later than a certain number of days before the meeting.

Meetings

91. In terms of meetings, some Board members expressed support for longer meetings rather than additional meetings. Concerning informal meetings, one Board member recalled that the Cape Town meeting had been especially valuable. Others noted that informal meetings before the formal Board meetings commenced had now become a norm and wondered if these were fully effective.

92. The Co-Chairs stated that they had considered a similar meeting in 2017 but had been unable to find a timeslot. A four-day formal meeting was another option, as was an informal ahead of a Board meeting off site, and perhaps facilitated by someone outside the GCF. One Board member expressed support for the latter suggestion, including structuring such a meeting around a different format. Another Board member proposed that it would be useful to use an informal day ahead of B.19 to review Board effectiveness, including the role of committees.

Board decision-making

93. Two Board members expressed support for alternative decision-making systems which could be used by the Board to improve efficiency.

Draft decision

94. Several Board members expressed support for the draft decision with a small number of amendments, notably in paragraph (d).
95. The Co-Chairs adjourned the agenda item.

Second discussion

96. The Co-Chairs reopened the item on the final day of the meeting.
97. They informed the Board that the document had been revised taking into account comments received by Board members on day 1 of the meeting. These included:
- (a) The presentation of the outcomes of the review of guidelines on observer participation had been moved from B.20 to B.19;
 - (b) With regard to further defining the flexibility of the Co-Chairs in issuing documentation less than 21 days prior to Board meetings, the Co-Chairs stated that this would involve amending paragraph 21 of the Rules of Procedure, which was not within the mandate of this decision. However, in these instances, there was room for requiring Co-Chairs to advise the Board on expected publication dates, and this was reflected in paragraph (e) of the revised decision text;
 - (c) With regard to requiring documents to be issued at least six weeks prior to Board meetings, this would again involve amending paragraph 21 of the Rules of Procedure, which was not within the mandate of this decision;
 - (d) Concerning the request to include a reference to the GEC in the work plan, they reminded all Board members that an item could only be added to the work plan when it had been mandated through a Board decision, which had not happened in this instance; and
 - (e) In terms of the requests for additional time to address a number of outstanding policy issues in the work plan, Co-Chairs recommended holding a two-day informal meeting immediately prior to B.19, held off site, to focus on these issues; a two-day informal meeting would create a dedicated space for these discussions, while also limiting the logistical burden on the Secretariat.
98. The Co-Chairs opened the floor for comments. Several Board members expressed support for the revised 2018 Board work plan.
99. A Board member recalled that they had raised two issues. One concerned the fact that there were too many issues for B.19 and in this regard, they had asked if the Secretariat were able to prepare all the documents needed. Secondly, as 36 items had not been covered during 2018, the Board member suggested that if the idea was to hold a two-day informal meeting immediately before B.19, why not convert B.19 into a five-day formal meeting? Finally, they noted that the Rules of Procedure stated that documents should be transmitted 'at least' 21 days prior to the meeting, meaning that documents could be transmitted to the Board before the 21-day deadline.
100. The Co-Chairs confirmed that they had consulted on the informal meeting in terms of logistics, location etc. The idea was that this should take place off site, broadly in the same location, to work through outstanding issues.
101. Another Board member wished to see further clarity under paragraph (e) of the draft decision on the publication date for documents and proposed three amendments to the text. Another Board member underlined the importance of early communication and transmission of

documents. In some cases, documents required translation which required additional time. They also wished to have further clarity on the methodology regarding between-meetings decisions.

102. The Executive Director informed the Board that the senior management team had carefully reviewed the workload for B.19 and believed that the Secretariat would be able to prepare all the documents required. As some of the documents were already under development, the Executive Director proposed, if it was agreeable to the Co-Chairs, to produce these documents well in advance of the Board meeting to give Board members more time to consider them. The Executive Director said that the Secretariat would have a batch of documents for B.19 that could potentially be transmitted before the end of 2017.

103. The Co-Chairs suspended the item for further consultations.

104. The Co-Chairs reopened the item and the amended decision as presented on the Boardroom screen was adopted.

105. The Board adopted the following decision:

DECISION B.18/01

The Board, having considered document GCF/B.18/21/Rev.01 titled “Work Plan of the Board for 2018: Proposal by the Co-Chairs”:

- (a) Approves the work plan of the Board for 2018, as set out in annex I;*
- (b) Requests the Co-Chairs to update the work plan following each meeting of the Board;*
- (c) Reaffirms paragraph 18 of the Rules of Procedure that states the provisional agenda of each meeting of the Board shall be prepared by the Secretariat and distributed, with the approval of the Co-Chairs, at least 30 calendar days before the meeting of the Board in accordance with paragraph 18 of the Rules of Procedure;*
- (d) Reaffirms paragraph 21 of the Rules of Procedure that states the Secretariat will transmit to Board members and alternate members the documentation relating to items on the provisional agenda at least 21 calendar days before the first day of the meeting scheduled, except in case of extraordinary meetings and in exceptional circumstances where, in the view of the Co-Chairs, a shorter period for the transmission of documentation is warranted;*
- (e) Invites the Co-Chairs, in the case of exceptional circumstances which warrant periods less than 21 days for the transmission of documentation, to provide a timetable with the date by which the said documentation will be transmitted;*
- (f) Requests the Executive Director of the Secretariat to take all necessary measures to ensure the timely preparation of documents to allow for the circulation of such documents as per the timelines identified in the Rules of Procedure as per paragraphs (c) and (d) above;*
- (g) Decides that formal meetings of the Board will continue to be webcast live until the end of 2019;*
- (h) Decides to consider the establishment of the Independent Appeals Panel requested pursuant to decision B.12/35, annex XXIX, paragraph 28, between the eighteenth and nineteenth meetings of the Board; and*
- (i) Decides to consider the terms of reference for the independent evaluation of the Readiness and Preparatory Support Programme between the eighteenth and nineteenth meetings of the Board.*

Agenda item 10: Guidance from the Conference of the Parties

(a) Actions to be taken by the Board to facilitate an increase in proposals from direct access entities in the pipeline

106. The Co-Chairs opened the agenda sub-item and introduced document GCF/B.16/Inf.08 titled “Facilitating an increase in proposals from direct access entities”.
107. They reminded Board members that at B.16, the above-mentioned document was prepared for consideration by the Board.
108. At B.17, the Co-Chairs had requested two alternate members, Mr. Ignacio Lorenzo and Mr. Frank Metz, to undertake consultations during the meeting, and between B.17 and B.18, to prepare a draft decision for consideration by the Board at B.18. (Mr. Frank Metz had since been replaced by Ms. Kordula Mehlhart.)
109. The Co-Chairs invited the nominated alternate members to provide an update to the Board.
110. Mr. Ignacio Lorenzo provided a progress report, including an update on a meeting held during the informal session of the Board on Friday, 29 September 2017. A draft proposal had been prepared which still needed to be finalized. Inputs had also been received from Board members and the Secretariat, and there had been several legal queries. The nominated alternate members confirmed that they aimed to bring a final proposal to the Board as soon as possible, given the important mandate from the COP.
111. The Co-Chairs thanked the alternate members for their work and requested that they continue with consultations and report back the next day; they noted that it was essential that the decision be adopted at this meeting.
112. A Board member asked whether any direct access entities (DAEs) had been consulted to understand what was needed from their side to fulfil these requirements.
113. Mr. Lorenzo indicated that his experience as the NDA of his country and his involvement in the accreditation process of a DAE from Uruguay, had helped to inform the process. However, it was clear that more specific inputs from DAEs were needed. The draft decision made provision for consultation during 2018. It was particularly important to collect data on the barriers, gaps and needs of DAEs to enable them to increase their capacities so that the GCF would receive more concept notes and funding proposals from DAEs.
114. The Co-Chairs adjourned the item.
115. On reopening the item on the third day of the meeting, they asked if Board members could now adopt the decision. A Board member requested that time be allowed to read the document.
116. The alternate members were invited to provide further background to it. Ms. Kordula Mehlhart noted that extensive consultations had taken place in the preceding days on what steps could be taken to improve and facilitate access by DAEs to GCF funding. Consultations had also been held with the Secretariat on implications in terms of budget and staffing as well as incorporating the decision just taken by the Board on readiness (Decision B18/09).
117. Mr. Ignacio Lorenzo, endorsed these remarks and confirmed that the decision was now drafted in such a way that a consensus among Board members should now be possible.
118. The Co-Chairs asked if the Board could adopt the decision.

119. A Board member who was in the Boardroom but absent from the table said that they were taking legal advice.
120. Following a further request from the Co-Chairs to adopt the decision, the Board member confirmed that they could adopt it.
121. There being no further objections, the Board adopted the following decision:

DECISION B.18/02

The Board, having taken note of the document GCF/B.16/Inf.08 titled “Facilitating an increase in proposals from direct access entities”:

- (a) *Takes note of the information related to support provided to direct access entities in connection with funding proposals set out in the Secretariat’s regular reporting to the Board, in particular document GCF/B.18/Inf.04 titled “Report on the activities of the Secretariat”, document GCF/B.18/07 titled “Readiness and Preparatory Support Programme: progress report”, document GCF/B.18/09 titled “Consideration of Accreditation Proposals” and document GCF/B.18/Inf.03 titled “Status of the GCF portfolio: pipeline and approved projects”;*
- (b) *Requests the Secretariat to include the information described in annex II in its regular reporting to the Board on the status of the GCF portfolio: pipeline and approved projects;*
- (c) *Also requests the Secretariat to include the information described in annex II in annual reports of the Green Climate Fund to the Conference of the Parties and any related addenda, including the addendum to the Sixth Report of the Green Climate Fund to the Conference of the Parties to be prepared and submitted to the twenty-third session of the Conference of the Parties;*
- (d) *Further requests the Secretariat to prepare for the Board’s consideration at its twentieth meeting a report on the analysis of the challenges, barriers, gaps and recommendations to achieve an increase in the amount of direct access proposals in the pipeline, taking into account the views of Board members and alternate Board members, national designated authorities/focal points and direct access accredited entities, and the initial review by the Secretariat of the Readiness and Preparatory Support Programme as requested in decision B.18/09;*
- (e) *Requests the Secretariat, with a view to increase the amount of direct access proposals in the pipeline and in accordance with decisions B.18/11 and B.18/12 regarding the structure and staffing of the Secretariat and the work programme of the Secretariat for 2018 and administrative budget, to enhance its capacity to:*
- (i) *Strengthen and actively support direct access accredited entities, in consultation with national designated authorities/focal points, as appropriate, in the development of concept notes and funding proposals, consistent with the objectives, guiding principles and procedures of the GCF; and*
- (ii) *Consider and provide feedback in a timely manner on concept notes and funding proposals received from direct access accredited entities or national designated authorities/focal points; and*
- (f) *Also requests the Secretariat to actively communicate the support available through the GCF to direct access entities and to provide relevant information on how direct access entities can access such support.*

122. Following the decision, a Board member informed the Board that the GCF, the GEF, and the Adaptation Fund would be participating in (part of complementarity and coherence) a direct access event at COP 23 in Bonn, Germany; and that DAEs of the GCF would be participating in the event.

123. They also commended the Executive Director of the Secretariat for leadership of the work on the online climate portal which was under development.

124. Mr. Lorenzo also expressed thanks to colleagues for their hard work on this important item for the COP.

(b) Options for GCF support for collaborative research and development in developing countries

125. The Co-Chairs opened the agenda item and drew the attention of the Board to document GCF/B.18/12 and Add.01 titled “Options for support for technology collaborative research and development”. They noted that the document had been prepared in response to the request contained in Board decision B.14/02, paragraph (f), and invited a representative of the Secretariat to introduce the document.

126. A representative of the Secretariat outlined the mandate and key lessons that would guide GCF support for technology collaborative research, development and demonstration (RD&D), noting that the addendum to the document provided information and analysis on: the link between collaborative RD&D and climate technology development and transfer; trends; financing instruments; and case studies. The representative also outlined the proposed options and modalities for GCF support for RD&D, including: (a) support for climate technology innovation systems at country, regional and global level; and (b) targeted climate technology RD&D support.

127. The Co-Chairs welcomed to the meeting Mr. Michael Rantil, Chair of the Technology Executive Committee (TEC) of the UNFCCC and Ms. Mette Møglestue, Chair of the Climate Technology Centre and Network (CTCN) Advisory Board, and invited them to address the Board.

128. Mr. Rantil provided an overview of the mandate of the TEC and of ongoing related work in the field of RD&D. With regard to future work, he stressed that the TEC, CTCN, GCF and GEF could work jointly to identify policies, instruments and collaborative methods for supporting the efforts of countries in the area of innovation. He also noted that the TEC was planning to undertake further conceptual work on the role of innovation. The TEC would consider analysing the experience of developing countries with regard to using climate technology incubators and accelerators, and would inform the GCF of its findings.

129. Ms. Møglestue gave a presentation on the role of the CTCN in collaborative technology RD&D, stressing the importance of national innovation systems, and of having clear links between policy, planning and finance. She also emphasized the need for local adaptation of technology, and ‘first-to-market’ approaches, and said that both intermediary innovation institutions and innovation accelerators offered opportunities to support innovative business models and reduce technology-related risks. With regard to future progress, Ms. Møglestue described the work of the CTCN on the development of endogenous capacity and technologies, and called for the establishment of collaboration mechanisms between the GCF Secretariat and the CTCN, which could include the following activities: promotion of enabling environments to support technology deployment; feasibility assessment and piloting of technologies; provision of standardized modules of support and tailored assistance to meet the specific needs of countries; and technology incubators and innovation accelerators.

130. The Co-Chairs thanked the chair of the TEC and the chair of the CTCN Advisory Board for their contributions to the meeting and their ongoing cooperation with the GCF, and also welcomed to the meeting Mr. Jukka Uosukainen, Director of the CTCN. Subsequently, the Co-Chairs presented a draft decision for adoption by the Board and opened the floor for comments.

131. Many Board members expressed support for the draft decision and for the ongoing efforts of the Secretariat to boost cooperation with the TEC and CTCN. Various Board members also emphasized the need to (a) step up collaboration with existing initiatives, (b) ensure complementarity in relation to other funding sources, (c) benefit from and build upon the experience of other entities and initiatives, and (d) carefully avoid duplication of efforts.

132. A number of Board members called for a cautious approach towards the use of RFPs, which they said were not always the optimum approach; they nonetheless expressed support for the RFP in the present instance. Some Board members expressed concern that the proposed RFP could lead to a proliferation of small-scale, non-transformational programmes. One Board member voiced concern over the substantial workload that an RFP would create for the Secretariat, and enquired as to whether an alternative approach could be adopted. Another asked whether the Secretariat was planning to seek external support to evaluate submissions under the RFP. A further Board member said that it would be preferable to establish a GCF policy on technology transfer before embarking on an RFP. They requested the Secretariat to inform the Board at B.19 whether it would be possible to establish such a policy by drawing on elements of the Governing Instrument for the GCF, existing decisions and guidance from the COP.

133. Two Board members questioned whether the Readiness and Preparatory Support Programme was the appropriate area of the GCF to deal with collaborative research and development; one wished to know whether any new staff would be appointed to the Secretariat to deal specifically with technology-related issues. A Board member said that the Readiness Programme did not have sufficient funds to cover the activities described in the draft decision and therefore requested the establishment of a separate funding window for technology transfer and mitigation and adaptation technology; another Board member said that a separate funding window would not be required and endorsed the approach as set out in the document. A further Board member welcomed the initial use of GCF readiness funding for the proposed technology programmes, stressing the importance of securing independent financial support at a later date.

134. A Board member expressed satisfaction that the GCF was aiming to support climate technology incubators and accelerators, which are key to supporting the development and commercialization of home-grown climate solutions, yet are scarce or absent in many developing countries. Another Board member echoed this support for the proposed focus on incubator and accelerator programmes, while another requested clarification on the definition of these two terms. Two Board members emphasized the need to ensure that incubators and accelerators had clear targets and exit plans. A Board member said that while the proposed initial limit of USD 50,000 per incubator programme per country was a reasonable starting point, an increase should be considered further down the line. Another Board member called for only limited funding to be allocated to incubators and accelerators under the RFP; a further Board member said that such funding did not need to be particularly high because incubators were typically able to deliver results with small amounts of seed funding. A Board member said that the RFP should be used to promote links between innovation in the climate sector and in other sectors, given that many non-climate-related innovations could be usefully applied to the climate context, such as pay-as-you-go systems for off-grid energy supply, early warning systems using smartphone technology, and remote sensing technologies.

135. A Board member thanked the Secretariat for having taken account in the document of previous Board decisions and input. Another Board member requested the inclusion in the draft decision of a reference to technology needs assessments and technology action plans, and to collaboration between existing initiatives and entities.

136. One Board member emphasized the need to support national adaptation systems, and another asked the Secretariat not only to focus on technology but also to consider initiatives related to public procurement and intelligent financial incentives. Another Board member stressed that technology was a means to an end, rather than an end in itself. A further Board member stressed the urgent need for technological innovation to design cost-effective and storm-resistant buildings and infrastructure for use in developing countries, to reduce economic and human losses as a result of natural disasters; on that basis, they urged the Board to adopt the draft decision to allow swift progress in that regard. Another suggested that both green procurement processes and economic instruments (such as a carbon tax) could be effective tools to drive innovation. A Board member requested the Secretariat to ensure that documents under this agenda item used language consistent with the text of the UNFCCC. A further Board member enquired as to how links could be strengthened between the GCF and CTCN beyond the scope of the RFP.

137. A CSO active observer commended the GCF for its efforts to support technology development and transfer, in line with its guidance from the COP and as stated in the Governing Instrument, and expressed support for the inclusion in the draft decision of a reference to CTCN work and technology needs assessments and action plans. While expressing support for the draft decision, the observer noted that many developing countries did not yet have technology incubators or accelerators and underlined the need to clarify to potential applicants that the RFP was open to new incubators and accelerators as well as existing ones. Furthermore, the RFP, if approved, should be broad enough to include technology partnerships and networks, which may not be automatically classified as technology incubators or accelerators. Lastly, it must be clarified in the RFP that the products of GCF-funded technology development and innovation must not be subjected to exclusive patents or privatized in any way, but must be made available for the benefit of all.

138. A representative of the Secretariat acknowledged the positive feedback from Board members and responded that the Secretariat was dedicated to ensuring complementarity and was using the Operational Framework on Complementarity and Coherence for that purpose. The Secretariat was also strongly committed to ensuring that initiatives under the current agenda item led to transformational impact rather than creating a large number of small, low-impact projects. With regard to exit strategies, incubators and accelerators had been selected because they formed part of the later part of the technology cycle and therefore tended by nature to be short interventions, rather than longer-term investments such as innovation hubs. Detailed information on the Secretariat's cooperation with the CTCN was contained in the report of the activities of the Secretariat; efforts were ongoing to strengthen linkages with NDAs and National Designated Entities (NDEs). Taking note of the concerns expressed regarding the potential workload for the Secretariat, the representative noted that the current aim was to assess, after one year, whether proposals brought to the Board were in line with the capacity of the Secretariat and the type of cooperation envisaged by the Board. Lastly, they clarified that the Secretariat would be happy to answer any further queries raised by Board members.

139. The Co-Chairs took note of the comments and proposed to put forward a revised draft decision for adoption at a later point in the meeting.

140. The agenda item was suspended.

141. The Co-Chairs reopened the agenda item on the final day of the meeting and invited a representative of the Secretariat to explain the amendments made to the draft decision.

142. A representative of the Secretariat said that the draft decision had been amended to include the following: encouragement to NDAs and AEs to collaborate with partners on projects that would support technology and collaborative research and development; a request to the Secretariat to develop the TOR for consideration by the Board at B.20; and explicit references to technology initiatives such as technology needs assessments and action plans.

143. Two Board members expressed support for the revised draft decision; one called on the Secretariat to ensure, when drafting the TOR for the RFP, that its scope was sufficiently limited to be within the capacity of the Secretariat, and reiterated the need to exercise caution with regard to issuing RFPs.

144. The Co-Chairs invited the Board to adopt the draft decision.

145. There being no objections, the Board adopted the following decision and took note of document GCF/B.18/12 and its addendum Add.01 titled "Options for support for technology collaborative research and development".

DECISION B.18/03

The Board, in line with paragraph 38 of the Governing Instrument for the GCF and in response to guidance from Conference of the Parties, having considered document GCF/B.18/12, titled "Options for support for technology collaborative research and development":

- (a) *Takes note of the options outlined in document GCF/B.18/12 for the GCF to support collaborative research, development and demonstration, in respect of the following approaches:*
 - (i) *Climate technology innovation systems; and*
 - (ii) *Targeted climate technology research, development and demonstration support;*
- (b) *Encourages national designated authorities/focal points to collaborate with readiness delivery partners and accredited entities to submit readiness requests, concept notes, funding proposals and Project Preparation Facility proposals supporting technology collaborative research and development;*
- (c) *Requests the Secretariat to develop for consideration by the Board at its twentieth meeting the terms of reference for a request for proposals to support climate technology incubators and accelerators;*
- (d) *Also requests the Secretariat to continue collaborating with the Technology Executive Committee of the UNFCCC and the Climate Technology Centre and Network, including in the implementation of this decision, to enable support for technology development and transfer for facilitating access to environmentally sound technologies and for collaborative research and development for developing countries; and*
- (e) *Further requests the Secretariat to continue to consider complementarity and coherence with other related technology initiatives and activities, including technology needs assessments and technology action plans, and to report accordingly in the context of the Operational Framework on Complementarity and Coherence adopted in decision B.17/04.*

Agenda item 11: Matters related to accreditation

- (a) Matters related to the accreditation framework and policy gaps: Co-Chairs' proposal**

146. The Co-Chairs opened the agenda sub-item and introduced document GCF/B.18/15 titled “Matters related to the accreditation framework and policy gaps: Co-Chairs’ proposal”.

147. They invited the Board to comment and asked if the Board were willing to adopt the draft decision.

148. A Board member and chair of the AC stated that they wished to make interventions as appropriate under this sub-item. (They stated that the same would apply under sub-item 11 (b) but that they would recuse themselves from sub-item 11 (c) as recorded in the Report under that item.)

149. The Co-Chairs thanked the Board member for their comments.

150. Several Board members welcomed the proposal and expressed support for the draft decision. A Board member and member of the AC said they would continue to work on the proposal under the guidance of the Co-Chairs. One Board member sought clarification on whether it was intended that the proposed review would be comprehensive or a more focused one. If it was to be wider in scope, there would be a need for terms of reference. If more focused, what elements would be considered?

151. One Board member requested that, at an appropriate time, the AC should again be invited to take part in the development of the review. On a related point, another Board member highlighted the importance of involving the AP and the AC in the review. As well as expressing a general disappointment with the paper, which they said repeated past decisions, they also noted that some of the information from NDAs about the DAEs was not included even though 22 of the 33 AMAs signed were from DAEs; it was important for the Board to see whether there were gaps that could or could not be bridged. The role of the AP and AC in the review was also endorsed by another Board member. They also requested that the IEU be included in the review instead of the Secretariat, now that the GCF had matured sufficiently. Said Board member noted that they had consulted NDAs in their region during their structured dialogue and that NDAs, DAEs and civil society had asked if there was a meaningful way to be included in the review.

152. Regarding the issue of work on AE baselines, said Board member, speaking in their role as chair of the AC, recognized that work was behind schedule but noted that the Committee also wanted to include a ‘resilience’ baseline and not just fossil fuels.

153. They also requested that the policy on prioritization of entities which had been decided at the fourteenth meeting of the Board should be renewed by the Board. If not renewed, it would lapse at this meeting.

Observer comments

154. A CSO active observer noted that it was encouraging that the AP had recommended a batch of exclusively DAEs for Board consideration. If they were all accredited, this would mark the first time that the GCF had more direct access than international access entities. They hoped that this trend would continue.

155. They said, however, that the sheer number of DAEs accredited was not matched by their ability to receive the majority share of GCF funding. On the contrary, the GCF was at risk of becoming a funding source mainly for large development banks and other multilateral institutions. Almost three quarters of GCF funds were being managed by just five large international access entities, with the European Bank for Reconstruction and Development (EBRD) topping the list at 29.4 per cent, if all B.18 proposals were approved at this meeting. This posed a significant concentration risk that had not been discussed when the Board approved another proposal from this entity earlier in the meeting. Up to B.18, only 7.2 per cent of GCF funding was approved to pass through DAEs.

156. In the light of this, the observer requested an update on: how international access entities were fulfilling their obligation to provide capacity-building to DAEs, as established at the eighth meeting of the Board; and how was this being enforced and monitored by the Secretariat and the AP, including as a consideration for re-accreditation.

157. The CSO active observer said that, as a matter of urgency, the Board should take a long-overdue decision on modalities for third-party input into the accreditation process. As many Board members had noted, until third-party input was permitted, including from affected communities and civil society, the due diligence of the AP would continue to be more of a check on the mere existence of policies and procedures on paper than a verification of the actual track record of the applicant and the implementation of these policies. Civil society called for transparency in the accreditation pipeline. The public needed to know which entities were applying for GCF accreditation in order to help the process.

158. Civil society was concerned at the extremely slow pace of progress in establishing baselines for the portfolios of AEs in terms of low-carbon, climate-resilient development, in accordance with decision B.12/30. As some Board members had pointed out, the GCF was already in year three of accreditation and would soon be at the five-year re-accreditation review point.

159. The CSO active observer also stated that last but certainly not least, the review of the accreditation framework discussed in the proposal by the Co-Chairs must include formal stakeholder consultations, including with civil society, in line with international best practice.

160. A private sector organization (PSO) active observer noted that there were nearly 100 applicants going through the approval process with the Secretariat and some with the AP. Nearly another 100 entities had registered with the online system, so there was a reasonable chance that they would also soon be going through the process. This was an enormous measure of success of the GCF in attracting potential partners, but it also seemed to be increasingly challenging. In previous meetings, they had noted the fact that a new applicant starting the process would need several years to reach the end.

161. The observer stated that fairly or unfairly, this process often seemed to outsiders to be impossibly bureaucratic and time-consuming to navigate. They knew of private sector entities that had significant expertise with projects in developing countries that had chosen not to seek accreditation and not to submit concept notes or proposals under RFPs, since that seemed to lead automatically to the need to seek accreditation. The observer regretted this and urged the Secretariat to consider how best to engage private sector entities and help them to be included in projects in other ways, as potential implementing or executing entities.

162. They noted that it was not that simple just to go away and find an AE to partner with, and it was not likely that an AE was going to allow another institution effectively to do projects under its own banner without significant negotiation. Greater flexibility would be helpful, including a greater role potentially for NDAs to identify implementing or executing entities, as well as greater transparency on how AEs could team up with executing entities at the country level.

163. They appreciated that there has been an effort to prioritize direct access applicants, including those from the private sector, although they were not sure what this meant in practice and would like to understand this better. They wished to recommend that the Secretariat consider the use of third-party benchmarks or ratings, which has been discussed several times by the Board, especially for regulated institutions such as banks, which could be one way to streamline some parts of the process. They looked forward to the work of Private Sector Advisory Group (PSAG) over the next year and its input on some of these issues, which would help to guide discussions during future Board meetings.

164. Following the first round of comments, the Co-Chairs proposed adding the request to include language on prioritization of entities to the draft decision as subparagraph (c) and asked the Board if they could adopt the decision. A Board member stated that they could not support this proposal as it had not improved the speed of the process and had resulted in some entities being blocked. The chair of the AC said there had been no blocking of entities but that was up to the Board to decide.

165. Another Board member requested that a definition of private- and public-sector entities be included in the decision. A Board member said that they could support this request.

166. The Co-Chairs asked a representative of the Secretariat to clarify prioritization and the definitions of entities.

167. On prioritization, the representative of the Secretariat reminded Board members of decision B.14/08 paragraph (d)(i) where the Board identified the prioritization criteria of accreditation applicants for 2016 and 2017. Prior to that decision, since the launch of the accreditation process prioritization was on a first-come-first-complete basis because there was no such prioritization approach in place at that time, and so a Board decision was required, otherwise the Secretariat and the AP would have to revert to the original approach.

168. On definitions, applicants self-identified as private, public, non-governmental or other in the application in accordance with the legislation of the country. This information was used by the Secretariat and the AP as part of the prioritization process.

169. Another Board member noted that the GCF was now in a different position to when decision B.14/08 was taken. They supported making DAEs a priority but raised concerns about other international entities that had been in the pipeline for a long time. This created a reputational risk. For these reasons, they requested not to include a subparagraph (c) in the draft decision.

170. The chair of the AC reminded Board members that prioritization was not solely about direct access and that the Board had reviewed applicants from a mixture of entities at the last Board meeting. Some of these had fallen into the prioritized category and others not. The Committee's biggest concern was the slow pace in general, with only nine AEs approved during 2017. This was the fundamental underlying issue which had not been resolved. The prioritized and non-prioritized entities should proceed in parallel. However, the chair noted that other Committee members may have different views.

171. The representative of the Secretariat stated that all entities were progressed in the application review process regardless of the prioritization, but prioritized ones were reviewed before the non-prioritized ones. The representative clarified that this approach had yielded 14 applicants that had completed the Stage I review by the Secretariat, including some international access entities (non-prioritized).

172. Another Board member expressed support for the view of the chair of the AC and suggested to continue the current policy of prioritization by including subparagraph (c) and apply it until the next Board meeting. The purpose of prioritization was to achieve a greater balance among GCF entities. This proposal to extend the current policy to B.19 was endorsed by two other Board members. The first Board member also noted that there were no AEs from eastern Europe and only eight private sector entities. Prioritization was an important tool in mobilizing private sector entities, which was one of the key goals of the GCF.

173. A further Board member underlined the importance of prioritizing entities from the Asia Pacific region and entities seeking upgrades. There were a number of DAEs but in terms of accessing funds they were relatively small compared with the number of international access entities.

174. The Board member who had expressed disappointment at the paper stated that it had not provided sufficient data to enable a Board decision. They noted that there had been a reference to a four-year backlog and yet applicants were paying fees. These delays posed serious reputational risks for the GCF. Should a moratorium be imposed on medium- to large-sized programmes until the backlog had been cleared? They asked whether, as the agenda for B.19 was so full, this could be addressed intersessionally.

175. The Co-Chairs suggested that the Board proceed with the original draft decision with the addition of a new subparagraph (c), which would extend prioritization until the end of B.19 when it would be reviewed again.

176. A Board member sought clarification that this would be considered at B.19.

177. Following confirmation from the Co-Chairs and there being no further objections, the decision was adopted.

178. The Board took note of document GCF/B.18/15 titled “Matters related to the accreditation framework and policy gaps: Co-Chairs’ proposal”.

179. The Board adopted the following decision:

DECISION B.18/04

The Board, having considered document GCF/B.18/15 titled “Matters related to the accreditation framework and policy gaps: Co-Chairs’ proposal”:

- (a) Decides to commence the review of the accreditation framework;*
- (b) Requests the Secretariat to present a proposal for the revision of the accreditation framework that includes other modalities for institutions to work with the GCF, as early as the nineteenth meeting of the Board; and*
- (c) Decides to extend the prioritization of entities applying for accreditation in accordance with decision B.14/08, paragraph (d)(i), until the end of the nineteenth meeting of the Board.*

(b) Status of accreditation master agreements

180. The Co-Chairs opened the agenda item in a closed session and introduced limited distribution document GCF/B.18/Inf.01 titled “Status of accreditation master agreements and funded activity agreements”.

181. A full report on this agenda sub-item is included in the limited distribution addendum to the report.

182. The Board took note of the limited distribution document GCF/B.18/Inf.01 titled “Status of accreditation master agreements and funded activity agreements”.

(c) Consideration of accreditation proposals

183. Before opening the agenda item, the Co-Chairs made a statement in relation to the AP. They reported to the Board on the status of their consultations with an objecting Board member regarding “Performance review of the members of the Accreditation Panel” within the context of the accreditation framework.

184. They reminded Board members that an objection to the between-meetings decision had been received and that as Co-Chairs they had been addressing the matter in accordance with paragraph 43 of the Rules of Procedure. Under paragraph 43, the Co-Chairs were required to work through the objection with the Board member directly. If the objection was upheld by said Board member following discussions with the Co-Chairs, the proposed decision would be considered by the Board at the following meeting. The Secretariat was required to circulate to Board members and alternate members all written comments, objections and actions taken. They noted that they had worked through the objection with the Board member but as it could not be resolved, the objection stood.

185. The Co-Chairs would circulate the Board member's objection and the Co-Chairs' response to Board members and alternate members. The implication of this objection was that the second term for certain AP members could not be confirmed. In accordance with decision B.BM/2017-03, contracts for four members would expire on 17 October 2017, the contract for one member would expire on 30 January 2018 and the contract for a further AP member would expire on 29 June 2019. It was the Co-Chairs' view that the Secretariat should open the selection process for membership of the AP in order to appoint new members at B.19. The Co-Chairs confirmed that they had provided the relevant material to Board members and alternate members.²

186. This matter was raised again during later agenda items. A Board member asked whether or not, given the objection, there would be a functioning AP from 17 October 2017. The Co-Chairs stated that there would not be a functioning AP if that was the case, given the requirements for quorum of the AP as per its TOR.

187. The Co-Chairs then opened the agenda item and drew the attention of the Board to document GCF/B.18/09 titled "Consideration of accreditation proposals".

188. The alternate member from Antigua and Barbuda, Ms. Diann Black-Layne, stated that she wished to recuse herself from making any interventions regarding Applicant 057.

189. The Co-Chairs took note of the statement by that Board member and invited a representative of the Secretariat and the chair of the AP to take the floor.

190. A representative of the Secretariat gave an overview of the accreditation process and the status of entities in the accreditation pipeline, as set out in document GCF/B.18/09, including a breakdown of entities by region, stage of accreditation and type of entity. They provided an update on requests and approvals for readiness support, as well as on the activities carried out by the Secretariat to support both accredited and applicant DAEs. Lastly, they set out the projected composition of the GCF portfolio of AEs, noting that if the current batch of accreditation proposals were approved, the proportion of DAEs in the portfolio would stand at 54 per cent, with international access entities at 46 per cent.

191. The chair of the AP said that the Panel looked forward to the proposed review of the accreditation framework, which the Panel saw as overdue, and to the related discussions on the composition of the AP, of which the current term would expire within a few weeks. The chair informed the Board that the Stage II review process was taking longer than in the past, firstly because all entities that could be fast-tracked had already been processed, and secondly because the Panel was now dealing with entities that were earlier in the application review cycle than those it had dealt with in the past; as a result, the process usually took a few months. With regard to the current batch of accreditation proposals, no entities had applied for the "large-scale" projects category, nor for Category A in terms of environmental and social safeguards

² This matter is also recorded under agenda item 4: Decisions proposed and approved between the seventeenth and eighteenth meetings of the Board.

risk, but all were expected to be able to apply the GCF gender policy, with the exception of one entity for which the attachment of a condition had not been required. On the nature of conditions, the chair clarified that most gaps related to fiduciary standards and information disclosure. Although two entities had been recommended with a large number of conditions, the AP wholeheartedly recommended their accreditation; in both cases, the entities were already introducing appropriate policies and procedures and had developed very advanced projects and programmes, and the AP believed that the accreditation of those entities would reinforce climate-related institutional reform and speed up concrete climate-driven activity on the ground, thus allowing the entities to gain the necessary track record during the process of accreditation itself. Lastly, the chair of the AP noted that the approval of the current batch of accreditation proposals would bring the total number of AEs to 59.

192. The Co-Chairs invited the Board to adopt the decision contained in annex I to document GCF/B.18/09, and opened the floor for comments.

193. A Board member expressed satisfaction at the proposal of five DAEs for accreditation, including one from the Pacific region. They also called for improved consistency in the accreditation process, and a progressive reduction towards a minimum of conditions attached to future accreditation proposals.

194. Another Board member noted with satisfaction that, for the first time, the number of accredited DAEs now exceeded the number of accredited international access entities. While welcoming the fact that two entities from small island developing States (SIDS) were being recommended for accreditation, the Board member expressed concern that no private sector entities were among the current batch of accreditation proposals. With regard to the composition of the AP, the Board member offered to suggest a way forward at any appropriate time suggested by the Co-Chairs. Lastly, the Board member requested the Co-Chairs to allow CSO active observers to comment on the entities recommended for accreditation before the Board adopted a decision under the current agenda sub-item.

195. Two Board members expressed support for the draft decision; one also expressed the hope that the remaining entities in the pipeline for accreditation would be processed with similar speed as the current batch; and another commended the AP for the progressive approach adopted in its recommendations.

196. A CSO active observer endorsed the request by a Board member that civil society representatives should be given the opportunity to provide positive and negative comments on accreditation proposals before the Board adopted a decision.

197. With respect to the current batch of proposals, the observer welcomed the accreditation of the Department of Environment of Antigua and Barbuda, which had set a good example by aiming to carry out work through the enhanced direct access RFP approach to provide micro credit to households and grants to non-governmental organizations to improve the resilience of buildings, thus demonstrating how multiple small amounts of funding could have a significant overall impact. The observer noted with satisfaction the recommendation of the AP to offer this entity a 'split' accreditation, noting that such a differentiation by project size, and presumably also possible risk category, was a new approach that should have been applied to certain large international entities that had already been accredited, despite their poor track records on environmental and social impact and human rights violations.

198. With regard to Palli Karma-Sahayak Foundation, the observer noted with satisfaction the goodwill demonstrated by the entity to implement climate projects and cooperate with civil society groups in Bangladesh. However, they called for greater transparency on the entity's governance mechanisms, in particular its policies on information disclosure, conflicts of interest, grievance redress, procurement, and prohibited practices.

199. With respect to Acumen, the observer called on the Board to correct its erroneous classification of the entity as a ‘regional direct access entity’; as an impact investment fund headquartered in the United States, Acumen was unambiguously an international access entity and should not be considered otherwise. The observer also sought clarification as to whether the objective of the proposed upgrade was to retroactively allow Acumen to implement a previously approved project which contained a grant-making technical assistance project for which the entity was not accredited at the time. They also noted that while Acumen was currently only accredited for micro-scale projects, it had in fact received USD 25 million from the GCF, which would place it in the category of ‘small-scale’ rather than ‘micro-scale’. Moreover, according to the GCF website, the total project investment was USD 110 million, which should mean the project was classified as ‘medium-scale’. On the basis of the above observations, the CSO active observer stressed the need for the Board to clearly define ‘international access’, ‘direct access’ and ‘regional direct access’, and to guarantee the consistent application of GCF policies to all AEs.

200. A representative of the Secretariat said that, according to the definition set out in Board decision B.08/03, size was defined by the total projected cost in USD, inclusive of co-financing, for an individual project or an individual activity within a programme. By that definition, the funding proposal put forward by Acumen and approved at the eleventh meeting of the Board (B.11) had been in reference to a programme and had therefore been treated within the context of the existing definitions.

201. The Co-Chairs took note of the comments and invited the Board to adopt the decision contained in annex I to document GCF/B.18/09.

202. There being no objections, the Board took note of document GCF/B.18/09 and its limited distribution addenda Add.01, Add.02, Add.03 and Add.04 titled “Consideration of accreditation proposals” and adopted the following decision:

DECISION B.18/05

The Board, having considered document GCF/B.18/09 titled “Consideration of accreditation proposals”:

- (a) *Takes note with appreciation of the assessments conducted by the Secretariat and the Accreditation Panel contained within the relevant annexes for the following applicants:*
- (i) *Applicant 056 (APL056) is the China Clean Development Mechanism Fund Management Center (China CDM Fund Management Center) based in China, as contained in annex III;*
 - (ii) *Applicant 057 (APL057) is the Department of Environment (DOE) of Antigua and Barbuda, as contained in annex IV;*
 - (iii) *Applicant 058 (APL058) is the Fiji Development Bank (FDB), based in Fiji, as contained in annex V;*
 - (iv) *Applicant 059 (APL059) is the Palli Karma-Sahayak Foundation (PKSF), based in Bangladesh, as contained in annex VI; and*
 - (v) *Applicant 060 (APL060) is the Sahara and Sahel Observatory (OSS), based in Tunisia, as contained in annex VII;*
- (b) *Accredits applicants APL056, APL057, APL058, APL059 and APL060, pursuant to paragraph 45 of the Governing Instrument for the GCF, and subject to, and in accordance with, the assessments by the Accreditation Panel contained in the relevant annexes for each of the applicants;*

- (c) *Takes note with appreciation of the assessment conducted by the Secretariat and the Accreditation Panel contained within the relevant annex for the following applicants seeking to upgrade its accreditation type:*
- (i) *Acumen Fund, Inc. (Acumen), based in the United States of America, as contained in annex VIII;*
- (d) *Agrees to upgrade the accreditation type of Acumen Fund, Inc. as contained in decision B.09/07, paragraph (b), subject to, and in accordance with, the assessment by the Accreditation Panel contained in annex VIII;*
- (e) *Takes note that, pursuant to decision B.08/03, paragraph (k), the Secretariat, in consultation with the Accreditation Panel, is proposing that the eligibility to apply under the fast-track accreditation process be extended to those entities listed in annex IX; and*
- (f) *Decides that those entities referred to in annex XI are also eligible to apply under the fast-track accreditation process for the standards of the GCF in accordance with decision B.08/03, paragraph (f), for entities accredited by the Adaptation Fund, and decision B.08/03, paragraph (g), for entities under the Directorate-General for International Cooperation and Development.*

Agenda item 12: Risk management framework

203. The Co-Chairs opened the agenda item and drew the attention of the Board to document GCF/B.18/05 titled “GCF risk management framework: Proposal by the Risk Management Committee”. They invited a representative of the Secretariat to introduce the document.

204. A representative of the Secretariat gave a presentation titled “GCF Risk Management Framework” and presented the revised approach to the reporting of country concentration in the risk dashboard to the Board, in line with decision B.17/11. The representative also introduced the three risk policies, namely; the non-financial risk policy; the funding risk policy; and the investment risk policy. Information on the GEC was also presented for information purposes.

205. The coordinator of the RMC said that the overarching goal of the RMF was to allow adequate risk-taking on funding proposals, so as to achieve a high impact while mitigating risks in accordance with the Risk Appetite Statement. The coordinator stressed that the framework was not designed to specify investment criteria, but to define boundaries, operational procedures and lines of defence for risk. Noting that the document was the product of intensive work by the Secretariat and the RMC, the coordinator confirmed that the Committee was recommending the RMF and revised risk dashboard for approval by the Board. The Board was also invited to take note of the GEC which was developed by the Secretariat in line with decision B.07/06. The GEC was for information purposes only and not subject to Board approval.

206. The Co-Chairs invited the Board to take note of document GCF/B.18/05 and adopt the decision contained in annex I.

207. A number of Board members commended the Secretariat and RMC for their intensive work on the agenda item; one noted with satisfaction the rapid turnaround of the document.

208. A Board member requested that the draft decision be amended to include a request to the Secretariat to make the GEC publicly available online as soon as practicable, as well as making project-level information available as part of standard project documentation, and to stipulate that the RMF should be updated on an ‘annual’ rather than ‘periodic’ basis.

209. Another Board member said that the RMF should set tolerance levels for concentration of GCF investment within a certain type of AE, in particular with regard to development banks,

and questioned why greater emphasis had been placed on country concentration than on AE concentration, especially given that the latter had been identified in the document as a potential risk. They added that concentration risk per type of project and type of entity were standard considerations across other funds. The Board member also questioned why the example of the World Bank was not listed in the risk dashboard. Additionally, they requested the inclusion in the draft decision of details on the circumstances that would trigger a review of the risk policy and which independent body would carry out such a review.

210. Two Board members said that the document, as well as the overarching issue of aligning the RMF with the key objectives of the GCF, was extremely complex and required further consideration to ensure proper fiduciary oversight. One questioned whether the proposed RMF was fit for purpose and suggested that it might be more applicable to a bank or commercial institution than to the GCF. A number of Board members requested deferral of the current agenda item to the following meeting of the Board, to allow time for thorough consideration of the document by experts in the constituencies. Two Board members emphasized the need for the framework to take into account not only financial risk but also the inherent risks carried by the failure of the GCF to approve funding decisions on projects that could save lives in the event of catastrophic events; another said that little progress had been made since the adoption of the interim RMF and said that the RMF should be expanded to cover non-financial risks, including the risks carried by the failure of the GCF to address its policy gaps, implement its work plans and defend the planet against the impact of climate change. Two Board members expressed concern that the RMF could place increased restrictions on the approval of funding proposals, with one highlighting that developing countries were the ones to suffer the consequences when readiness and project funding was delayed or refused.

211. Another Board member noted that the document had been issued much further in advance of the meeting than many other Board documents, and said that while the aim of the GCF was to respond to the urgent needs of developing countries, it was nonetheless important to take a considered, rather than hasty, approach to funding decisions, given the limited nature of GCF resources. It was also important for discussions under the current agenda item not to undermine the essential function of the RMF, which was to secure the financial viability of projects. A further Board member said that the purpose of the RMF was not to provide specific guidance to the GCF on its funding decisions but to indicate certain boundaries that could not be safely exceeded without incurring unacceptable financial or reputational risk; they asked the Secretariat to further elaborate on the notion of such boundaries.

212. A representative of the Secretariat took note of the comments made by Board members and said that the Secretariat would be happy to make the GEC public, as soon as it had been refined to a satisfactory standard. The Secretariat would also consult with the RMC on whether an annual update of the RMF could be stipulated in the draft decision, and would investigate and subsequently report back on the circumstances that would trigger a review of the RMF. Concerning the risks entailed in not approving funding decisions, the representative said that such issues were beyond the scope of a risk framework such as the one at hand; it was the sole responsibility of the Board to make strategic and appropriate decisions on the matters put forward for its consideration, including funding proposals. Risk frameworks similar to the proposed RMF existed in almost every financial institution; for example, the European Investment Bank used a similar approach to barrier constraints. With regard to investment concentration risk within certain types of AE, the representative said that at the current early stage of portfolio development, it was typical for there to be distortions in terms of funding concentration. One factor contributing to this was the accreditation process: while more international entities than DAEs had been accredited to date, many DAEs were soon to be accredited, which would help to readjust the balance. While the Secretariat judged it premature to set tolerance levels for AE concentration at the current stage, it would nonetheless provide

quarterly updates to monitor the five AEs managing the largest amount of GCF investment so that decisions on constraints, if required, could be made at a later date. The representative underscored that the proposed RMF was non-prescriptive and not intended to guide investment strategy or policy; the boundaries that it would establish were merely outer limits that were unlikely to be reached, such as an investment concentration tolerance level of 50 per cent of GCF funding in a single results area. The RMF would ensure, for example, that if concentration reached the warning levels stipulated in the risk dashboard, which reflected the tolerance levels defined in the Risk Appetite Statement, the GCF would become aware of this. They also clarified that even with such distant boundaries, it was nonetheless important to adopt the proposed framework as soon as possible, to guarantee that the GCF did not build up a potentially detrimental risk tolerance level.

213. The Co-Chairs took note of the comments and proposed that the draft decision be revised and resubmitted to the Board later in the current meeting.

214. With regard to the amendment of the draft decision, a Board member suggested that the GEC could be addressed in a separate decision from the one relating to the RMF, since the two had originally been raised as separate issues.

215. The agenda item was suspended.

216. The Co-Chairs reopened the agenda item on the final day of the meeting and invited a representative of the Secretariat to outline the amendments to the draft decision.

217. A representative of the Secretariat said that a paragraph had been added to the draft decision requesting the Secretariat to consult with the Board on the GEC and present the tool for Board approval as early as practicable, and to make it publicly available thereafter. Another paragraph had been amended to specify that the RMF would be subject to 'annual' rather than 'periodic' updates.

218. The Co-Chairs invited the Board to adopt the amended draft decision.

219. A Board member said that they were not prepared to approve the draft decision and requested that the agenda item be deferred to B.19.

220. The Board took note of document GCF/B.18/05 titled "GCF risk management framework: Proposal by the Risk Management Committee".

221. No decision was taken under this agenda item.

Agenda item 13: Review of the structure and effectiveness of the independent Technical Advisory Panel

222. The Co-Chairs opened the agenda item and introduced document GCF/B.18/Inf.11 titled "Review of the structure and effectiveness of the independent Technical Advisory Panel".

223. They reminded Board members that in decision 15/06, the Board adopted the terms of reference of the review of the structure and effectiveness of the independent TAP, and requested the Secretariat to commission an independent third party to conduct the review of the structure and effectiveness of the TAP. The Board also requested the Secretariat, in consultation with the Investment Committee, to provide the final report for Board consideration.

224. They expressed thanks to the Secretariat and the Investment Committee for their work on this review and invited the chair of the Investment Committee, Ms. Kate Hughes, to provide an overview.

225. The chair of the Investment Committee thanked Committee members and the many other partners who had contributed to the review. Ms. Hughes provided a summary of their independent review. The Committee's main conclusions were that: (a) the independent TAP was playing an important role in the review of funding proposals and fulfilling its mandate; (b) most respondents believed it should continue; and (c) the transparency and independence of the work of the TAP was a critical function, and could not be replaced by an internal technical function. The chair also provided an overview of the Committee's suggestions for future improvements. They looked forward to Board guidance on next steps.

226. The Co-Chairs opened the floor for comments.

227. In their opening remarks, several Board members underlined the important role played by the TAP and thanked them for their work. They also expressed thanks to the Investment Committee. One Board member noted that the review showed that the TAP was fulfilling its mandate and underlined how critical it was that it continue to operate independently and transparently. Other Board members expressed strong support for the review and for the recommendations of the Investment Committee. One Board member noted that it had clearly been valuable for the Investment Committee to have time to consider the review of the TAP by consultants. In the case of the review of the AP, the AC had not had this opportunity, something which needed to be corrected in the future.

228. A Board member proposed that the observations provided in annex II of document GCF/B.18/Inf.11 be turned into a decision for adoption by the Board at this meeting. This would be useful not only for the TAP but also to AEs and NDAs to help them understand the role and work of the TAP. This proposal was supported by several Board members. However, another Board member stated that, given the very full schedule for the remaining hours of the meeting, this might not be achievable. In conclusion, the Co-Chairs stated that this be brought back for a decision at B.19.

Comments by Board members on specific Investment Committee suggestions

Roster of external experts

229. One Board member requested that the roster include REDD-plus expertise, a view echoed by another Board member. Another Board member highlighted the need for both private sector and gender expertise, while another highlighted strengthening sectoral and geographic expertise and stated that this roster would help both the TAP and Secretariat.

A new review template

230. One Board member expressed support for a more comprehensive template, provided it did not become unmanageable. It should also be clear and user-friendly. Another expressed support for such a template, particularly in terms of assessments of climate relevance and levels of concessionality; these were two items which were challenging for the Board when assessing funding proposals.

Periodic reviews

231. A Board member supported periodic quality assurance reviews.

Sectoral guidance

232. A Board member commented on the proposal to consult with the TAP to develop sectoral guidance for projects and programmes. They supported this with limited scope and did not support a new role for the TAP in providing general policy guidance to GCF.

Comments on other matters

Role of the Independent Evaluation Unit

233. A Board member supported the recommendation in the consultant's report that in future the IEU be involved in the review of the independent TAP. This should also apply to future reviews of the AP.

Smaller projects

234. The same Board member also noted the suggestion by the consultants that certain smaller-scale projects of low risk should not be part of the remit of the TAP. This recommendation should be borne in mind in terms of the development of the simplified approvals process (SAP) as it would help to improve the efficiency and effectiveness of the TAP.

Review of cost structure of funding proposals by the independent Technical Advisory Panel

235. A Board member stated that they would prefer the TAP to examine the costs associated with a proposal and give recommendations to the Board.

Technical Advisory Panel and Secretariat assessments

236. Another Board member requested clarification on how TAP and Secretariat assessments of funding proposals were prepared and coordinated. The Board member noted that when reviewing funding proposals, the Board was receiving a large volume of material to review, including that from the Secretariat and the TAP. They suggested that perhaps this could be streamlined so that only when the Secretariat and the TAP differed in their assessment of a funding proposal would those comments come to the Board.

Policy gaps

237. The same Board member also wished to see the TAP, when reviewing funding proposals, identify any policy gaps at an early stage and present them to the Board. This would be preferable to attaching numerous conditions.

Technical Advisory Panel assessment role

238. A Board member said that, in its assessment of funding proposals, the TAP should also seek to verify claims in terms of causality and estimated results of emission reductions and number of beneficiaries. This was a material and reputational risk for the GCF if not carried out. Furthermore, ensuring quality of data and information at the start of project was an essential precondition for meaningful evaluation of GCF financial activities.

Observer comments

239. A CSO active observer stated that they largely supported the recommendations in the review. They wished to see a broadening of the expertise of the TAP, including on issues such as environmental and social safeguards, quality of consultation processes, gender equality and

indigenous peoples' rights, and broader sustainable development issues in addition to sectoral expertise; this would allow the TAP to more fully assess the multiple benefits of project proposals to developing countries.

240. A PSO active observer stated that they supported the conclusions and recommendations of the independent review of the TAP and requested that the Board consider two additional recommendations.

241. Firstly, to facilitate efficiency in review of funding proposals, and to ensure the consistent application of criteria across funding proposals in line with the Board's priorities and expectations, they recommended that the Board consider the appointment of a third party to review the TOR of the TAP to include the recommendations and suggestions outlined in document GCF/B.18/Inf.11].

242. Secondly, they recommended that the scope of the TAP for reviewing funding proposals include an assessment of whether the scope of activities of the AE, as contained in its funding proposal, was aligned with the accreditation of the AE. This was to ensure that existing AEs did not crowd-out the role and expertise that could be provided by both local and international private sector entities in the implementation of various funding proposals.

Secretariat responses

243. A representative of the Secretariat stated that the costing was looked at as part of the effectiveness and efficiency investment criteria.

244. Regarding coordination between the TAP and the Secretariat, the TAP worked with the Secretariat and the AEs when determining conditions, covenants and recommendations. At the same time, there was a clear firewall between the Secretariat and the TAP, with the latter fully independent in terms of its findings.

245. The Co-Chairs confirmed that the Board could take note of the document at this stage and see if a decision could be developed before the end of the meeting. The agenda item was adjourned.

246. Later, on the final day of the meeting, the Co-Chairs reopened the agenda item. Following a report back from a Board member who had been mandated to draft a decision, the Co-Chairs concluded that it was not going to be possible to reach consensus in the time available. In conclusion, the Co-Chairs stated that the decision could be considered between Board meetings or brought back to B.19.

247. The Board took note of document GCF/B.18/Inf.11 titled "Review of the structure and effectiveness of the independent Technical Advisory Panel".

Agenda item 14: Policy matters related to the approval of funding proposals

(a) Simplified approvals process for certain small-scale activities

248. The Co-Chairs opened the agenda sub-item and introduced document GCF/B.18/17 entitled "Operationalizing the simplified approval process for certain activities, including small-scale activities".

249. The Co-Chairs reminded Board members that there had been lengthy discussions on this sub-item during the previous day's informal Board meeting in Cairo. The Co-Chairs had noted

convergence among Board members on the importance of the simplified procedure as well as the need to get the procedure operating effectively, efficiently and appropriately.

250. They proposed to ask advisors to consult on the draft decision and report back later in the meeting.

251. The item was adjourned.

252. The Co-Chairs reopened the item on the final day of the meeting. They invited the Board member for Samoa, Mr. Ali'ioaiga Feturi Elisaia, to provide an update to the Board.

253. Mr. Elisaia said significant progress had been made and thanked the Secretariat for their work on developing this proposal. He also thanked advisors for their hard work. Issues raised and addressed during consultations included: a simplified level of upfront information and documentation for eligible activities; a target of 50 per cent of GCF resources under the pilot for DAEs; TAP assessments streamlined and on a rolling basis, and excluding references to mild risks or any references to co-financing requirements.

254. Mr. Elisaia stated that the explicit call of this pilot was to empower the Secretariat to operationalize it and report to the Board at every meeting on whether the pilot had reduced the time and effort for activities under it. At the same time, it was important for the Board to continue to consider issues regarding simplification at future meetings, and to integrate some of the elements of the SAP more widely. Mr. Elisaia noted that the current draft decision and the proposed pilot scheme were far from ideal and did not capture all the elements.

255. Mr. Elisaia said that, while far from perfect, he supported the adoption of the decision and the SAP pilot scheme. Recent events in some SIDS were a reality check on the need for the SAP to enable some of those affected to submit proposals; “better the one pigeon in hand than the two in the bush”. This would be an excellent takeaway for the COP 23 in Bonn which was being chaired, unusually, by a small island developing State.

256. The Co-Chairs thanked Mr. Elisaia for the update and reminded Board members of the long journey to reach this point. Several Board members congratulated Mr. Elisaia and advisors for their hard work in developing the policy. Board members who intervened expressed support for the decision. One Board member said that they had consulted on the proposal, and although not perfect, it represented progress and now needed to be tested so that lessons could be learned. Notwithstanding what conclusions were reached on Secretariat staffing, they urged the Secretariat to expedite the implementation of this decision.

257. A Board member noted that the SAP had been conceived for the GCF as a whole, not as an isolated element of its operations. This view was echoed by another Board member who said that this was a simplified process for GCF, not only for a certain group of countries. They also expressed the hope that this decision would, in future, be referred to as the “Cairo decision”, with reference to the spirit of Cairo which they hoped had been catalytic in bringing a successful conclusion to the long journey of the SAP.

Other comments and queries

258. A Board member noted that there could be confusion in the language used in defining small-scale activities in the RFP, and ‘small’ when referring to GCF project size. The latter had a specific connotation of USD 10–50 million per project, while in the RFP it was only up to USD 10 million.

259. Regarding using the pilot to generate lessons, another Board member noted that the amount for this RFP was USD 80 million. If the highest scenario were taken, where each country applied for the maximum of USD 10 million, this would allow only eight projects to be approved from which the Secretariat would need to make its assessment. They suggested that the number

of proposals so far approved could also constitute a basis for the Secretariat to make assessments.

260. Another Board member requested clarification on the following points in annex I of document GCF/B.18/17:

- (a) Paragraph 22: “Simplified financial and other terms included in funding proposals”;
- (b) Paragraph 23: “Those projects with minimal or ESS do not have to meet ESS disclosure”;
- (c) Paragraph 28: “robust monitoring system”. This appeared to duplicate the monitoring system within the Readiness and Preparatory Support Programme.

261. A Board member raised a query about the decision text. They stated that the decision had two parts: one to approve the SAP; and the second, to approve the pilot, but there was no link between the two. They asked whether the Board would be approving a simplified process to be piloted for two years which would then be reassessed or was the Board approving the SAP until circumstances warranted a review.

262. Another Board member underlined the importance of the pilot. They stated that they had initially been sceptical about small-scale activities being approved without feasibility studies. However, they had since been reassured by the Secretariat during the Informal Board Meeting that pre-feasibility studies would not always be necessary for certain small-scale activities. They noted that this very much depended on how the Secretariat operationalized the policy. Furthermore, transparency through very regular reporting to the Board would be key. This would enable the Board to assess this lighter-touch approach to ensure it delivered on quantity without sacrificing on quality.

263. A CSO active observer stated that civil society was happy to see the SAP finally being operationalized; it was a clear mandate from the Governing Instrument and an issue postponed too many times.

264. However, the proposed pilot did not yet reflect the ambition and risk appetite they wished to see regarding the SAP. Further simplifications and revisions would be needed over time.

265. For the kind of activities which civil society wished to see, namely low risk, smaller ones, the observer stated that the quick replication made possible through the SAP created the transformational impact. It was not necessarily the individual activity that was transformational, but the bundling and acceleration through the SAP. It would therefore be more appropriate to use “ready for replication” rather than “ready for scaling up”, and “having the potential to contribute to transformation” rather than “having the potential for transformation” as eligibility criteria.

266. The observer further stated that, while civil society did not see the need to trigger a review of this pilot relatively early, so that it could be improved and expanded, they believed that the USD 80 million envelope was too small. To generate lessons from a diversity of approaches and regional coverage, an envelope of at least USD 150 million would be more appropriate.

267. Finally, the observer said that requiring only 50 per cent of the approved projects to come from DAEs was not enough. This percentage should be significantly increased. At a minimum, there should be assurances that, in locations where there were DAEs, they should be prioritized over international entities in access to this pilot. In addition, the minimum requirement for direct access should refer to the approved amount, not the approved number of projects.

Secretariat responses

- (a) The representative of the Secretariat stated that under decision B.08/02 the project was ‘micro’ if the total amount was up to USD 10 million, irrespective of GCF funding amount, and ‘small’ if the total amount was up to USD 50 million, irrespective of GCF funding amount. Under the SAP pilot scheme, it was a GCF funding amount of up to USD 10 million and did not follow the existing project size definition;
 - (b) On developing all of the procedures, paragraph 8 in the document specified that all procedures would be developed by B.19, but the Secretariat would not wait until then to start. The simplified concept note template was already published on the website;
 - (c) On the reference to financial and other terms, the focus was on the simplification of the approach; a simplified term sheets template would be developed and shared to make the process easier for users;
 - (d) On disclosure, category C projects did not have disclosure requirements, since they were only considered as low to no risk. Therefore, no disclosure would be required for this scheme as per GCF usual processes;
 - (e) In terms of operationalization within the Secretariat, consideration was being given to creating a dedicated team in the Secretariat to focus on this pilot;
 - (f) Regarding transparency, the Secretariat intended to include in the pipeline report at each Board meeting a separate section on the SAP pilot scheme. Information would include time taken for each of the steps, the interest shown (i.e. how many concept notes), the kinds of projects and of what quality;
 - (g) At the end of the pilot period, under the review there would be scope to expand the type of eligibility and the GCF funding amount;
 - (h) Regarding DAEs, 50 per cent was the minimum; and
 - (i) Regarding the results monitoring system referred to in paragraph 28 of the document, this referred to the existing system used for monitoring projects.
268. On the question of possible confusion between definitions of ‘small’, the Co-Chairs highlighted the need to make this really clear to partners.
269. There being no further comments, the decision was adopted.
270. The Co-Chairs thanked Mr. Elisaia for his leadership and the Board for their spirit of cooperation.
271. The Board took note of document GCF/B.18/17 titled “Operationalizing the simplified approval process for certain activities, including small-scale activities”.
272. The Board adopted the following decision:

DECISION B.18/06

The Board, having considered document GCF/B.18/17 titled “Operationalizing the simplified approval process for certain activities, in particular small-scale activities”:

- (a) Approves the Simplified Approval Process Pilot Scheme (Pilot Scheme), as set out in annex X;
- (b) Decides that the Pilot Scheme shall be reviewed two years from its operationalization, or when the aggregate amount of approvals under the Pilot Scheme reaches USD 80 million of GCF financing, whichever is earlier; this review will be completed within three months from its commencement; and

(c) *Requests the Secretariat to:*

- (i) *Operationalize such Pilot Scheme as expeditiously as possible and notify to the Board the date of its operationalization;*
- (ii) *Develop a proposal for approving funding proposals brought forward under this Pilot Scheme between meetings of the Board in the context of the ongoing work to develop further options for decision-making; and*
- (iii) *Report back to the Board upon completion of the review specified in paragraph (b) above, with recommendations based on the outcome of such review to further improve the efficiency and effectiveness of the process, and to consider expanding the type of eligible activities and increasing GCF funding.*

(b) Request for proposals for REDD-plus results-based payments

273. The Co-Chairs opened the agenda item and drew the attention of the Board to document GCF/B.18/06 titled “Request for proposals for the pilot programme for REDD-plus results-based payments” and the draft decision contained in annex I to the document. They informed the Board that although a good foundation for consensus had been established, further consultations were needed. The Co-Chairs therefore encouraged Board members to participate actively in the ongoing consultations, which would be overseen by the two REDD-plus champions, Mr. Tosi Mpanu Mpanu and Ms. Merete Villum Pedersen.

274. The agenda item was suspended.

275. The Co-Chairs reopened the agenda item on the following day of the meeting and noted that after an intensive series of consultations, a document containing the revised terms of reference and scorecard for the RFP had been circulated to the Board earlier that day.

276. The Co-Chairs invited the two REDD-plus champions, Mr. Tosi Mpanu Mpanu and Ms. Merete Villum Pedersen, to provide an introduction for the discussion.

277. The REDD-plus champions said that a REDD-plus expert was working on the document under their supervision, and clarified that a realistic scorecard for the assessment of funding proposals received in response to the RFP would be included in the annex to the document, so as to reassure countries that resources would be used as effectively as possible. The champions were confident that consensus would be reached on the draft decision at the current meeting; they intended to continue working intensively on the document with a view to presenting a revised version to the Board the following day.

278. The Co-Chairs thanked the REDD-plus champions for their work and opened the floor for comments.

279. Two Board members endorsed the comments made by the REDD-plus champions and reaffirmed the importance of drawing up a complete scorecard prior to adoption of the draft decision; one urged all Board members to contribute to the consultations to ensure that a full range of voices were heard.

280. Another Board member said that, in spite of the current efforts of the Board to optimize the details of the RFP, based on previous experience they were not confident that the Board would approve the funding proposals received in response to the RFP. They therefore asked what measures could be taken to increase the likelihood that funding proposals submitted under the RFP would receive Board approval.

281. The Co-Chairs took note of the comments and encouraged Board members to continue engaging with the consultations to prepare a draft decision for adoption.

282. The agenda item was suspended.

283. The Co-Chairs reopened the agenda item on the final day of the meeting and noted that a new version of the document had been circulated among Board members. They invited the REDD-plus champions to introduce the updated document and draft decision.

284. The REDD-plus champions thanked Board members and the Secretariat for their contributions to the consultations, noting that significant progress had been achieved since the previous Board meeting. Noting that consensus appeared to have been reached on the draft decision, they urged the Board members to seize the opportunity to adopt the draft decision at the current meeting, so that the pilot programme for REDD-plus results-based payments could be launched without delay.

285. The Co-Chairs drew the attention of the Board to the amended draft decision contained in annex I to the document and opened the floor for comments.

286. Board members warmly commended the Secretariat, REDD-plus experts and REDD-plus champions – including former Board member and REDD-plus champion Ms. Caroline Leclerc – on their intensive work towards reaching consensus. A number of Board members expressed strong support for the draft decision and commended the efforts of the GCF to contribute to the global reduction of greenhouse gas emissions. Board members described the draft decision as comprehensive, well balanced, compliant with COP guidance and a significant milestone towards reducing global greenhouse gas emissions, including through the implementation of the Warsaw Framework for REDD-plus.³ Acknowledging the difficulty in accommodating the circumstances of a range of different countries, various Board members expressed support for the draft decision in a spirit of consensus and compromise.

287. Noting that the RFP was the result of many years of hard work and negotiations, a Board member said that the RFP would incentivize future results while taking into account that different countries were at different stages of their respective REDD-plus systems. Another Board member noted the potential of the programme to stimulate private investment in the forest sector, as had been achieved through the Forest Carbon Partnership.

288. A Board member said that although the price per tonne of carbon dioxide equivalent (t CO₂ eq) for reducing emissions and the volume of the funding envelope was far from adequate, the pilot programme would nonetheless be a useful model to demonstrate the system of results-based payments in a multilateral setting, and would mobilize funds on a large scale, thus contributing to a genuine paradigm shift.

289. Various Board members stressed the need to carefully monitor the results of the pilot programme and subsequently make improvements, as well as applying the lessons learned to future RFPs and other sectors. Several Board members stressed the need for the GCF to set the gold standard in environmental integrity; two Board members expressed concern that certain parts of the draft decision were overly ambiguous and would not guarantee this high standard. A number of Board members underscored the crucial importance of the review of the pilot programme in 2019, noting that all proposals received under the pilot programme must be carefully assessed against the agreed benchmarks and that the necessary adjustments must be made over time to improve the robustness of the reference levels, increase environmental integrity, prevent leakages and ensure the provision of satisfactory safeguards and non-carbon benefits.

290. A Board member underscored the need to offer sufficient incentives to encourage countries to participate in the pilot programme; another expressed concern that the RFP made it difficult for countries with historically low deforestation rates and high forest cover to achieve

³ See < http://unfccc.int/land_use_and_climate_change/redd/items/8180.php>.

a significant financial incentive, and noted that this consideration would form a key part of the 2019 review.

291. A Board member expressed the hope that the ambition reflected in the investment criteria would be reflected in the proposals received in response to the RFP. The Board member stated for the record that their country, the United Kingdom of Great Britain and Northern Ireland, had high expectations that countries would improve the quality of their forest reference emission levels/forest reference levels, make those reference levels more appropriate by limiting the use of outdated data, and provide improved uncertainty calculations through participating in the pilot programme.

292. A CSO active observer expressed support for the proposed RFP and appreciation for the hard work of the Board and the Secretariat to achieve consensus on the draft decision. They strongly recommended the inclusion in the decision of a provision requesting the Board to adopt a GCF indigenous peoples' policy at B.19. The observer underlined that the indigenous peoples' policy should not be assessed as part of the Cancun Safeguards, but rather recognized as a separate and individual component of the GCF ESMS, noting that there was a precedent for such a provision in previous Board decisions. While welcoming the pass/fail criteria of the Cancun Safeguards in section 3 of the draft scorecard, the observer expressed the hope that the review of the scorecard would help to improve the transparency, comprehensiveness and effectiveness of the pilot programme, and provide clear information on how the necessary safeguards had been addressed.

293. The Co-Chairs took note of the comments and invited the Board to take note of document GCF/B.18/06 and adopt the draft decision as amended.

294. The Board took note of document GCF/B.18/06 titled "Request for proposals for the pilot programme for REDD-plus results-based payments".

295. The Board adopted the following decision:

DECISION B.18/07

The Board, having considered document GCF/B.18/06 titled "Request for proposals for the pilot programme for REDD-plus results-based payments":

- (a) Takes note of the progress made in finalizing the draft request for proposals for the REDD-plus results-based payments pilot programme, as mandated in decision B.17/18, in the form set out in annex XI;*
- (b) Decides to set, for the REDD-plus results-based payments pilot programme only, the valuation of results at USD 5 per tonne of verified emission reductions of carbon dioxide equivalent (t CO₂ eq);*
- (c) Decides to allocate up to USD 500 million to the request for proposals for the pilot programme for REDD-plus results-based payments;*
- (d) Decides to adopt the request for proposals for the pilot programme for REDD-plus results-based payments as set out in annex XI and the corresponding scorecard provided in annex XII;*
- (e) Requests the Secretariat to develop all corresponding templates and guidance for national designated authorities and accredited entities for applying to the request for proposals no later than two months after its adoption by the Board;*

- (f) *Requests the Secretariat to conduct an analysis of the experience with, and the progress made towards achieving the objectives of the pilot programme for REDD-plus results-based payments for its consideration no later than at its last meeting of 2019.*

(c) Interim restructuring and cancellation policy

296. The Co-Chairs opened the agenda item and drew the attention of the Board to document B.18/11 titled “Interim policy on cancellation and restructuring”, including the draft decision contained in annex I to the document.

297. A Board member requested the Secretariat to systematically inform NDAs and AEs each time it determined a major change, and give them sufficient time to respond.

298. A representative of the Secretariat said that as soon a major change had been determined, the relevant NDA would be informed and invited to comment. They highlighted, however, that while the major change was being submitted to the Board for consideration, a new no-objection letter would need to be sought in parallel, in view of the fact that, in certain countries, the issuance of no-objection letters was a lengthy process which required authorization from the highest levels of government.

299. Another Board member enquired as to how the Secretariat’s comments would reach the NDA, given that no formal procedure was in place for communication between the Secretariat and NDAs; indeed, even once funding proposals had been approved, the NDAs were currently not always informed.

300. Two Board members highlighted the importance of the current agenda item and requested that the Secretariat give a brief presentation to assist Board members in their understanding of the issue at hand.

301. The Co-Chairs took note of the comments and invited a representative of the Secretariat to take the floor.

302. A representative of the Secretariat gave a presentation on the current status of the consultation process for the interim cancellation and restructuring policy:

- (a) Through decision B.17/09 paragraph (p) the Board had requested the Secretariat to present an interim policy at B.18 and a final version by April 2018. The final version was currently planned for submission at B.19;
- (b) **Scope:** The future policy would cover all approved projects;
- (c) Examples of events that would come under the policy:
 - (i) Requesting a waiver of a condition;
 - (ii) Implementation arrangement revisions after financial management capacity assessment on an executing entity;
 - (iii) Project unable to deliver the expected results due to budgeting errors;
 - (iv) AE unable to raise co-financing as indicated in the funding proposal; and
 - (v) Major change in the market which substantially affected project economics/risks;
- (d) **Development:** The Secretariat had reviewed and considered the practices of a range of other institutions; the Secretariat also considered actual cases of GCF projects where the policy would apply; and

- (e) **Effect:** The policy provided the Secretariat, the Board, AEs and countries with clarity about processes and decision-making procedures relating to approved projects, by:
- (i) Defining AMA concepts such as ‘Major/Minor Change’;
 - (ii) Defining decision-making authority;
 - (iii) Outlining waiver procedures; and
 - (iv) Outlining processes leading to cancellation.

303. With regard to communication with NDAs, the representative clarified that, in line with decision GCF/B.17/21, whenever the Secretariat received concept notes, it communicated with NDAs to verify that the concept notes were in line with the relevant country’s national priorities. They noted that communication with NDAs had in the past been primarily the responsibility of AEs, and stated that the Secretariat was now developing processes to make communication between the Secretariat NDAs more effective and systematic.

304. The Co-Chairs thanked the representative of the Secretariat for their presentation and clarifications, and invited the Board to take note of the document.

305. A PSO active observer said that the policy should minimize uncertainty for AEs and project proponents and not allow for retrospective changes that might have a negative impact on AEs. With that in mind, they urged maximum delegation of decision-making to the Executive Director and wished to know the reason why decisions on certain types of project restructuring, such as the extension of the period for fulfilment of conditions or the waiver of project conditions, were currently kept at Board level. The observer also expressed concern that certain parts of the document remained ambiguous with regard to the definition of minor or major changes, thus leaving a large amount of discretion to the Secretariat. The document also did not offer sufficient clarity on how potential changes would be assessed or on the resulting implications for the approval process. Noting that the Secretariat had surveyed criteria used by other institutions in cases of project restructuring, some of which was more explicit than the criteria used by the GCF, the observer suggested that the Secretariat also survey the criteria used by private or commercial financial institutions in similar instances. Lastly, the observer expressed concern that the issuance of new no-objection letters may be very challenging, especially in cases where programmes were to be implemented in several locations and therefore required multiple no-objection letters; they proposed that once project design had been approved by the NDA, the GCF should be in charge of managing project evolution.

306. Several Board members expressed support for the draft decision and stressed the need for urgent adoption of an interim policy on restructuring and cancellation, both to facilitate decision-making and to improve transparency. Other Board members said that they were not prepared to adopt the draft decision.

307. A Board member said that further work was needed to remove ambiguities in the text which could leave certain matters subject to interpretation and discretionary practices. While acknowledging that the proposed policy was only to be established as an interim measure, the Board member said that interim policies nonetheless often tended to remain in place for extended periods of time; they therefore requested the Secretariat to further develop the policy and submit it for consideration by the Board at a later date.

308. Another Board member said that a change could be classified as ‘major’ even if it did not entail a change to a higher environmental and social safeguards category, for example if it would still lead to a significant change in the environmental and social safeguards impact assessment; they therefore suggested that the wording could be amended from ‘any major change’ to ‘any material change’. They also said that the term ‘event’ used in the footnote to section D of the

policy could be made more accurate if replaced by ‘circumstances’; to remove any ambiguity, they requested the removal of the footnote.

309. A further Board member questioned the need for an interim policy, given that a permanent policy on restructuring and cancellation was due for submission at the following meeting of the Board. The Board member wondered whether it was urgent to adopt the policy unless it would hold up the work of the Board in the interim.

310. A representative of the Secretariat clarified that if the interim policy were not adopted, then each time a major change to a funding proposal was determined, the relevant changes would need to be re-submitted to the Board for approval.

311. A Board member said that the interim policy was required immediately in order to deal with funding proposals which had undergone changes and was due for resubmission to the Board. They also said that the issue at hand did not relate to cancellation in the absolute sense, but rather to a process that would expedite conclusion of whatever agreement was needed to address changes to funding proposals following initial approval. They suggested replacing ‘restructuring’ with ‘reformulation’ and removal of the term ‘cancellation’.

312. The Co-Chairs clarified that the interim policy was an urgent matter because it related to a situation which had already arisen and needed to be addressed.

313. To address the concerns expressed over the length of time that the interim policy could remain in place, another Board member suggested that an expiry date could be specified and that implementation could be carefully monitored to assess the effectiveness of the policy. While expressing satisfaction at the comparison with the practices of other financial institutions, the Board member said that a cautious approach was needed when doing such comparisons, because the standards of the GCF were, in certain areas, much stricter than those of other institutions.

314. A further Board member expressed agreement with the statement that decision-making power should be delegated to the Executive Director, while also agreeing that NDAs must be informed of changes.

315. The Co-Chairs took note of the comments and said that, based on the discussion and on the advice given by the Secretariat, an interim policy was clearly needed. They suggested the removal of the term ‘cancellation’ from the title of the draft interim policy.

316. A representative of the Secretariat suggested it would be helpful to keep the term ‘cancellation’ in the title.

317. The Co-Chairs noted the proposal to amend the interim policy by deleting the footnote in section D, and invited the Board to adopt the draft decision as amended.

318. A Board member said that while they appreciated the clarifications provided, they were not in a position to adopt the draft decision. They proposed that the agenda item be considered once again at B.19.

319. The Co-Chairs proposed to carry out consultations with a view to reaching consensus among Board members on a draft decision which could be submitted for consideration by the Board later at the current meeting.

320. The agenda item was suspended.

321. The Co-Chairs reopened the agenda item later on the final day of the meeting and informed the Board that consensus had not been reached on a revised draft decision. They proposed that the agenda item be deferred to the following meeting of the Board.

322. The Board took note of document GCF/B.18/11 titled “Interim policy on cancellation and restructuring”.

323. No decision was taken under this agenda item.

(d) Status of the GCF pipeline and portfolio

324. The Co-Chairs opened the agenda sub-item and introduced document GCF/B.18/Inf.03 titled “Status of the GCF portfolio: pipeline and approved projects” and its two limited distribution addenda (GCF/B.18/Inf.03/Add.01 and Add.02), which provided an update of the GCF portfolio, including the pipeline of projects and programmes for the reporting period of 16 May to 20 August 2017.

325. There being no objections, the Board took note of document GCF/B.18/Inf.03 and its limited distribution addenda Add.01 and Add.02 titled “Status of the GCF portfolio: pipeline and approved projects”.

(e) Status of fulfilment of conditions on relevant approved projects

326. The Co-Chairs opened the agenda sub-item and introduced document GCF/B.18/08 titled “Report on post-approval status of approved funding proposals”. This provided an analysis and update on the conditions of the 43 approved projects and programmes in the GCF portfolio, and an update on any specific issues which had arisen in relation to their post-approval processing since B.17. The document reported the status of approved projects as at 20 August 2017.

327. There being no objections the Board took note of document GCF/B.18/08 titled “Report on post-approval status of approved funding proposals”.

(f) Consideration of funding proposals

328. The Co-Chairs opened the agenda sub-item and drew the attention of the Board to document GCF/B.18/04/Rev.01 titled “Consideration of funding proposals” and its addenda: Add.01 – 09, Add.10/Rev.01, Add.11 – 13, Add.14/Rev.01 – 16/Rev.01, Add.20/Rev.01, Add.21/Rev.01, Add.24/Rev.01 and Add.25/Rev.01 (general distribution); Add.17, Add.18/Rev.1 and Add.19/Rev.01 (confidential); and Add.22/Rev.01 and Add.23 (limited distribution). They invited the Secretariat to provide an introduction to the agenda sub-item.

329. A representative of the Secretariat presented an overview of the funding proposals submitted for consideration by the Board and the composition of the projected portfolio should the proposals be approved. The current batch of proposals included ten from the public sector and three from the private sector, and requested USD 460 million of GCF funding, supporting projects and programmes with a total cost of USD 1.8 billion. The representative noted that the current batch of proposals had a considerably lower number of conditions compared with batches presented at previous meetings.

Funding proposal 046 (FP046): Renewable Energy Program #1 – Solar (XacBank)

330. A representative of the Secretariat presented an overview of funding proposal 046 (FP046). The project aimed to finance a 10 MW solar photovoltaic (PV) power plant, which would be the second largest solar PV power plant to be developed by the private sector in Mongolia. This would be the first project finance developed by a local direct access institution. The total funding cost of the project was USD 18.4 million, of which GCF would contribute USD

8.6 million in the form of a loan and USD 0.9 million in technical assistance; USD 8.9 million in equity would be provided by Sankou Seikei Solar, a Japanese PV company.

331. The financial terms and conditions to be offered to the project company were in line with the GCF concept of applying minimum concessionality. The representative noted that the Secretariat was mindful not to distort the market and crowd out other potential developers and investors.

332. The proposal was expected to develop a self-sufficient and sustainable renewable energy system in Mongolia while building the capacity of a local player. Over the lifetime of financing these assets, 306,745 t CO₂ eq of emission reductions were expected.

333. The Co-Chairs opened the floor for comments and requested Board members to only comment on funding proposals if they wished to receive clarifications, suggest improvements or raise objections to funding proposals; Board members who did not comment would be understood to support the funding proposals. If Board members wished to make any general comments they were asked to make those at the same time.

334. A number of Board members did not comment and were understood to support the funding proposals.

335. Various Board members said that the quality of funding proposals had improved since B.16 and commended the Secretariat on its work to enhance the proposal approval process, acknowledging the good progress achieved to date. A number of Board members said that the quality of the current batch of funding proposals was of mixed quality, and that they looked forward to future improvements.

336. A Board member said that with a batch of funding proposals as large as the one at hand, the role of the Board should be to simply approve or reject each funding proposal, rather than commenting on each one individually. Noting that the average project size in the current batch was only USD 35 million, the same Board member called for the establishment of a simplified procedure for the approval of small-scale projects, and for the Secretariat to be given greater trust by the Board to assess micro-scale projects. They also said that stakeholders should be given sufficient time to comment on funding proposals, and stated that all conflict analyses should, as a mandatory requirement, take into account not only ongoing conflicts but also the potential for project consequences to aggravate lower-grade tensions or contribute to the outbreak of conflict; moreover, actions taken to minimize such risks should be clearly stated in funding proposals, including as part of the risk matrix. The Board member commended the Secretariat on its efforts to improve gender mainstreaming, while also enquiring as to how the recommendations made in gender assessments would be followed up if not translated into conditions.

337. A Board member said that the current batch of proposals contained a number of interesting adaptation proposals, but that the overall quality of funding proposals still needed to be improved. They called on the Secretariat to take swift action to enhance the proposal approval process in line with decisions taken at B.17, including through the establishment of the proposed two-stage approach, which would include the review of concept notes by the Board; this would help to ensure better quality, more innovative projects and enable the Board to play a more strategic, guiding role during the early stages of project development, rather than attaching conditions at the final stage. The Board member also requested that the Board hold a policy discussion on the type of investments the GCF wished to make in the field of adaptation. The Board member also mentioned that the PSAG would discuss this matter further with the Private Sector Facility (PSF).

338. With regard to FP046 specifically, the Board member acknowledged the potential value of combining private sector investment with technical assistance, but said that the accredited

entity should apply for funding for technical assistance through other mechanisms such as the Readiness Programme, rather than as part of the funding proposal itself. They also expressed concern that the provision of technical assistance to one specific private sector entity, in this instance XacBank, could distort the market by offering one player an unfair competitive advantage; they therefore suggested that the Board establish a set of rules on the provision of technical assistance. This Board member's comments were endorsed by another Board member.

339. The Co-Chairs noted that all projects submitted for consideration by the Board at the current meeting had been recommended for approval by the TAP and the Secretariat, in line with Board decision B.17/09. With regard to FP046, they said that a condition would be drafted to address the concerns raised over the technical assistance component of the proposal.

340. With reference to the overall batch of funding proposals, a Board member said that while the ongoing work by the Secretariat to improve the quality of funding proposals was yet to have a significant impact, they had high expectations that this work would result in higher quality funding proposals at B.19. While welcoming the fact that all proposals submitted to the Board at the current meeting had been endorsed by both the Secretariat and the TAP, the Board member expressed concern that the current batch of proposals had all received that endorsement given their overall level of transformational potential, which the Board member judged to be insufficient.

341. With regard to FP046, the same Board member said that the proposal was well aligned with the Nationally Determined Contributions (NDCs) of Mongolia, which was currently excessively reliant on coal, which caused pollution in the country's cities. Noting that FP046 was a private sector project with concessionality, the Board member underlined the need to assess the projected impact and avoid distorting the market, noting that the GCF aimed to crowd in the private sector, rather than crowding it out. Lastly, they requested reassurance that the project would not impact another large-scale solar project under development in the same region. This Board member's comments were endorsed by another Board member.

342. By way of general comments on the batch of proposals, a Board member noted with satisfaction that more proposals had been submitted for consideration than at previous meetings, and said that this demonstrated the ability of the GCF to fund at scale. They also said that while the quality of the funding proposals in the current batch was varied, they were nonetheless able to support them all. Noting that the current batch contained a large number of requests for pure grants from middle-income countries, the Board member called for efforts to ensure minimum concessionality, and for a greater focus on helping the world's poorest countries. They also said that more effort was needed to ensure funding proposals had the desired potential for paradigm shift, and requested further detail on how the anticipated results of the proposed projects could be scaled up and replicated.

343. The Co-Chairs clarified that if Board members wished to make general comments on the batch of funding proposals as a whole, they should do so before making any specific comments on an individual funding proposal.

344. A Board member said that FP046 appeared to be more of a project than a programme, and therefore questioned why it had been classified as a programme. They also echoed other Board members' concerns that the grant component of FP046 would only benefit the AE (XacBank), and encouraged the entity to spread the benefits by providing the proposed technical assistance not only to the staff of the AE but also to other small financial institutions and project developers in Mongolia.

345. With regard to the current batch of funding proposals, a Board member said that a number of policy issues discussed at the previous meeting had not yet been resolved, and called for accelerated progress to establish the required GCF policies, in particular the TOR for the annual review of the financial terms and conditions of the GCF financial instruments, and how

that would be applied to the area of concessionality. They also questioned why progress was so slow towards establishing relatively straightforward tools such as the indicative minimum benchmarks and the GEC. The Board member said that while the current batch of proposals showed signs of improvement, it also showed symptoms of the aforementioned policy gaps; they therefore looked forward to further improvements, including with the establishment of the two-stage approval process.

346. Another Board member requested clarification on the methodology used to calculate total project cost and the amount of greenhouse gas emissions to be prevented by projects: for example, what factors were used to determine the length of a project's lifetime, and whether the calculations were verified by the TAP. They also wished to know how the projected reduction in emissions would be monitored and what action would be taken if those targets were not achieved. The Board member added that the Board should not negotiate issues that remained under discussion at the COP or which stood in contradiction to COP policies; specifically, the Board member strongly requested the removal from all funding proposals the term 'smart agriculture', for which a common definition had not been established and which could be interpreted in various different ways. They also called for finalization of the results framework for adaptation, to remove ambiguity on how projects should be categorized and noted that one of the proposals contained a reference to an unofficial document. They requested that future proposals should only refer to official documents. The Board member noted with concern that the Secretariat and TAP reviews of the private sector funding proposals were only accessible by password. They also stated that once the two-stage approval process had been introduced, all concept notes should be made fully public, including those relating to the private sector. Furthermore, the Board member requested clarification on whether the Secretariat and TAP each issued separate reviews of funding proposals, and if so, whether that resulted in overlap and duplication.

347. Speaking in relation to FP046, the same Board member questioned why the proposal's grant component, worth USD 877,000, had not been explicitly highlighted by the representative of the Secretariat in their presentation.

348. While noting with satisfaction that the current batch of funding proposals included a significant number of proposals from DAEs, a Board member said that many proposals were of good quality but others had a number of deficiencies: for example, certain proposals did not set out clearly how they responded to the objectives of the GCF, some were over-reliant on grants and did not adhere to the principle of minimum concessionality, and others lacked proper exit strategies or sustainability plans. They also emphasized the importance of establishing indicative minimum benchmarks, specifying that the benchmarks should not be used on a pass-or-fail basis but rather as a basis for guidance, and expressed satisfaction that funding proposals were now published on the GCF website, thus providing increased transparency.

349. On FP046, the same Board member echoed other members' concerns that the provision of grant-funded technical assistance to one specific private sector entity could grant the entity an unfair market advantage, and requested that more detailed information be provided in future private sector funding proposals on how the proposals were positioned within the wider policy framework of the relevant country. The Board member also endorsed an earlier comment on the need to avoid crowding out the private sector, and said that if this concern could be addressed, FP046 represented a promising proposal.

350. With regard to the current batch of funding proposals, a Board member recognized the progress achieved by the Secretariat on improving processes and quality, and underlined the need for the Board to place its trust in the Secretariat to continue improving its work. They also suggested that funding proposals should specify not only lifetime but also annual savings of greenhouse gas emissions.

351. In relation to FP046, the Board member emphasized the need to create an underlying enabling environment for renewable energy funding proposals without bringing out market distortions, but also recognized that the approach illustrated by the technical assistance component of FP046 may be appropriate in certain instances; they called for a cautious approach to such issues in future renewable energy proposals.

352. By way of general comments, a Board member said that the existing policy gaps were the result of earlier hasty efforts to bring the GCF into operation before clarifying the details of certain policies. They emphasized that the role of the Board was to act in a non-politicized manner to establish technical policies that would enact the political guidance provided by the Governing Instrument and the COP. The Board member said that FP046 would not create market distortions and underlined that the overriding aim of the GCF was to ensure the implementation of projects that would have a meaningful impact on climate change, stating that this objective took precedence over concerns about market distortions. They also objected to the use of the term 'middle-income' countries by another Board member and said that the term had been coined by the World Bank and was not politically neutral; they therefore called for it not to be used in the context of the GCF since it did not feature in any of the official instruments of the GCF. Lastly, they said that the Board's responsibility was to ensure that all projects submitted by developing countries were dealt with in the way that best served the overarching objectives of the GCF, without drawing unnecessary distinctions between 'poor' and the 'poorest' countries.

353. In relation to FP046, they said that financing for technical assistance did not fall within the limited scope of the Readiness Programme, and called for efforts to establish an appropriate approach for dealing with technical assistance requests in future.

354. Another Board member acknowledged the progress made on developing the pipeline of funding proposals, in particular the recent increase in the number of proposals from DAEs. They echoed the comments made by the previous Board member and said the GCF was designed not to simply maximize financial returns, but to bring about transformational change. Given that some projects with high potential climate impact would not be able to go ahead without a certain amount of concessional financing, they advocated an approach based on adequate, rather than minimum concessionality.

355. A further Board member said that the current batch of funding proposals was generally of good quality but that certain proposals were not explained clearly enough. They noted with satisfaction that the proposals contained many elements related to gender and that gender assessments had been made available to the Board and CSOs. They also said that, in the light of other Board members' comments on concessionality, efforts were clearly needed to determine what amount of concessionality could be granted to which countries, as well as to better distinguish between adaptation- and development-related benefits and to quantify the added value of GCF financing.

356. The Co-Chairs clarified that the Secretariat would be submitting a paper on concessionality to the Board at B.19.

357. A Board member noted with satisfaction that the quality of funding proposals had improved according to the technical assessments by the TAP and by the Secretariat, and that the current batch of proposals had been submitted to the Board with fewer conditions attached than previous batches. They nonetheless cautioned that, in the absence of the required policies, certain aspects of the Secretariat's assessment of funding proposals were arguably based on assumptions rather than policy. Lastly, they endorsed the proposed two-stage approval process, which would include the review of concept notes by the Board.

358. A Board member said that FP046 would help Mongolia to diversify its energy mix and make the transition from coal towards renewable energy; as such, it was a good example of a

paradigm-shifting project, which was also in line with the country's NDCs. It was therefore the type of project which should be encouraged and could form the basis for future replication by other DAEs. They also expressed agreement with other Board members on the need to share the benefits of the technical assistance component with other entities.

359. A further Board member said that AEs and the Secretariat should be entrusted to develop projects without excessively prescriptive input from Board members, who may lack a full understanding of the context; for example, with regard to the concessionality requested in FP046, the Board member suggested that the AE may have included a component for technical assistance in the funding proposal because they were uncertain as to whether such funding would be available at a later date or through other avenues. The Board member stressed the need to apply a consistent policy on technical assistance and affirmed that in the case of XacBank, a DAE in a small developing country, the request for technical assistance was justified, especially given that such technical assistance had been provided as standard practice in previous comparable projects.

360. A Board member expressed strong support for FP046, describing it as a watershed project in Mongolia which was in line with the country's ambitious NDCs, and stating that its approval would send out a strong signal about the kind of projects the GCF wished to support. They also said that by supporting the project, the GCF would be helping to build capacity in a direct access private sector entity, which could then go on to promote further development of the renewable energy sector in the country.

361. A further Board member echoed the remarks of the previous speaker and added that each project should be judged on its own merits, noting that the Board did not have the full details of the other large-scale solar project under development in the same region. In their view, the need for FP046 was quite clear when one considered the status of the energy industry in Mongolia. In general terms, the Board member highlighted the need for projects to clearly demonstrate their alignment with countries' NDCs under the Paris Agreement. On the distinction between climate-related and development projects, the Board member underlined the need to draw on the expertise of other institutions such as the Adaptation Fund, and suggested that such learning processes could form part of the missions carried out by Secretariat staff. Lastly, they emphasized the importance of establishing indicative minimum benchmarks and looked forward to the proposal that would be submitted at B.19.

362. Another Board member said that FP046 was financially viable, paradigm-shifting, transformational and represented efficient use of resources. It also had good country ownership and would form a good basis for replication and scalability, both domestically and internationally, as well as promoting sustainable development by increasing the country's renewable energy generation capacity. They echoed earlier comments that the project was in line with Mongolia's NDCs, and noted that it also fell in line with the regulatory framework established by the Mongolian Government. The Board member also said that the low proportion of co-financing was not necessarily a negative consideration.

363. As a general commentary on the whole batch of funding proposals, a CSO active observer said that as the voice of vulnerable and marginalized people on the ground, civil society active observers must be given the opportunity to comment formally on each funding proposal in advance of its adoption. Highlighting the need for greater transparency in the work of the GCF, they also requested the full involvement of CSOs, including indigenous peoples, throughout every stage of the proposal approval process, including in any potential review of concept notes as part of the proposed two-stage review process. While noting that improvements had been made to the quality of funding proposals and to the approval process, the observer expressed concern over the quality of civil society consultations, and expressed the hope that the adoption of an indigenous peoples' policy early the following year would oblige all

GCF implementing entities to abide by the principle of ‘free, prior and informed consent’. Also of concern was the integration of gender considerations, which were too often seen as an optional add-on and not allocated adequate budgets in funding proposals. The observer also highlighted the need to ensure that projects benefited communities directly, rather than relying on a ‘trickle-down’ approach.

364. Commenting specifically on FP046, the same CSO active observer expressed appreciation for the proposal, while also expressing concern that it would not support the necessary structural changes to result in larger-scale uptake of renewable energy in Mongolia, since it contained regulatory shortcomings that would hinder the development of the renewable energy sector; for example, while Mongolia had a generous feed-in tariff, there were no rules on priority dispatch to ensure that renewable energy sources would always feed into the grid before fossil sources and would not be curtailed. They proposed that a condition should be attached to the project to resolve this and other regulatory shortcomings identified in the proposal. Drawing attention to the explicit mention in the proposal of the growing energy demand of the Tavan Tolgoi mine, a large open-pit coal mine, the observer also reiterated that GCF resources should not be used to support electricity provision for coal mining projects. In addition, they suggested that the grant component should be open not only to the staff at XacBank, but also to participants from other domestic financial institutions and potential project developers. Lastly, the observer noted that the proposal lacked a budgetary provision for its gender action plan, and proposed that part of the grant provided by GCF be used to strengthen the gender capacity of project partners, suggesting that the necessary technical assistance for such capacity-building could be provided by a local women’s institution such as the Mongolian Women’s Fund.

365. By way of general comments on the batch of proposals, a PSO active observer echoed comments by Board members on the need to resolve policy gaps with a view to improving the quality and consistency of both funding proposals and the approval process. They suggested that the proposed simplified approval process could be extended to include not only small-scale activities, but all funding proposals. They also endorsed the proposed two-stage approval process, which would allow key concerns to be addressed before stakeholders committed resources to the development of full funding proposals. The observer stressed the importance of establishing indicative minimum benchmarks, which they said should include criteria on grant funding, co-financing, capacity-building, additionality, availability of funding from alternative sources, and income levels of the target population. The benchmarks should be introduced not as pass-or-fail criteria, but as a tool to increase transparency and to help to measure factors such as sustainability potential and the amount of external financing mobilized per dollar of GCF financing.

366. On FP046 specifically, the PSO active observer noted with satisfaction that the proposal was being submitted by a direct access private sector entity, and advocated capacity-building across the whole banking sector in Mongolia, given the essential role it could play in scaling up and rolling out future renewable energy and energy-efficient projects.

367. The Co-Chairs took note of the general comments on the whole batch of funding proposals and on policy matters, and invited representatives of the AE, the independent TAP and the Secretariat to respond to the specific comments made on FP046.

368. A representative of the AE (XacBank) said that the project was the first in a series that it planned to submit to the GCF in relation to Mongolia’s renewable energy sector, which the entity viewed as the most promising sector in the country. The proposal bundled together three solar power plants, two of which had been removed from the proposal at the last stage because licenses were missing; however, in spite of the change, the AE had maintained the original name so as to remain consistent with the no-objection letter. They stated that the grant would be

dedicated to building the capacity of XacBank and project financing, and noted that while co-financing was being considered for the entity's upcoming large-scale renewable energy projects, first the entity needed to demonstrate to international financial institutions that a local bank was capable of providing the project financing for renewable energy projects; that was the reason why grant funding had been requested. The representative of the AE confirmed that another solar plant project already existed in the area concerned by FP046, and noted that the AE had consulted with the Government of Mongolia on whether one project could have a negative impact on the other; in response, the Government had confirmed that there were no technical reasons why one plant would stop the other from operating, and that a substation in the region had sufficient capacity to absorb both solar power plants.

369. A representative of the Secretariat said that to avoid crowding out other private sector entities or potential investors, the Secretariat had conducted an informal market research study in Mongolia to decide on the final pricing for the subproject; although the Secretariat could not disclose the pricing, the term sheet was available. The final pricing had been determined based on extensive market feedback, together with feedback from development finance institutions and other international private sector entities. With regard to technical assistance, various options for developing the capacity of the market and of XacBank itself would be explored.

370. A representative of the independent TAP said that, according to the information provided by the AE, the cost of the PV panels had been determined based on a competitive bidding process, and low prices for PV panels were difficult to obtain in Mongolia because of the country's small market, large geographical area and landlocked location, which resulted in high overland transport costs for the panels. Based on its assessment of the information provided, the TAP had concluded that the total project cost was acceptable.

371. The Co-Chairs invited the Deputy Executive Director ad interim to respond to some of the general comments made by Board members.

372. The Deputy Executive Director ad interim, Mr. Javier Manzanares, said that one key function of the new Deputy Executive Director position was to coordinate the work of the Secretariat's three operational units, namely PSF, the Division of Mitigation and Adaptation (DMA) and the Country Programming Division (CPD), all of which were led by first-class directors. That coordination process had already begun by identifying the key performance indicators (KPIs) that applied across all three divisions and establishing a cross-divisional team that would ensure that all three divisions participated in providing direct support to countries and DAEs. In another change from past practice, the Secretariat was endeavouring to streamline the project cycle internally through early engagement of the senior management team, which henceforth would review concept notes and provide direction on how they should be structured; this process was aimed at improving the quality of funding proposals. The Deputy Executive Director ad interim added that the Secretariat would present documents at B.19 setting out options for concessionality and terms and conditions for the financial instruments of the GCF, and recommended the inclusion of an agenda item for B.19 on the PSAG recommendation to develop a private sector outreach plan and modalities to support activities enabling private sector involvement in least developed countries (LDCs) and SIDS; such a plan would be useful in providing guidance to the Secretariat. Another document due for submission at B.19 was on the development and application of incremental cost calculation methodology and/or alternative methodologies.

373. Responding to a comment by another Board member, a Board member said that their earlier reference to middle-income countries and concessionality had been based on the elements of the Governing Instrument that stipulated that the Board would "take into account the urgent and immediate needs of developing countries that are particularly vulnerable to the adverse effects of climate change, including LDCs, SIDS and African States, using minimum

allocation floors for these countries as appropriate” and that financing would be “tailored to cover the identifiable additional costs of the investment necessary to make the project viable”. Noting that later in the discussion they would be supporting proposals relating to a broad range of countries in terms of geographical location and income level, the Board member emphasized that their earlier comments had been made from an economic perspective and had not been intended to be of a political nature or to favour certain countries over others.

374. The Co-Chairs took note of the comments and proposed to hold further consultations on FP046 before resubmitting it for consideration by the Board at a later point in the meeting.

375. Consideration of FP046 was suspended.

376. The Co-Chairs reopened the agenda item on the final day of the meeting, circulated a revised version of document GCF/B.18/04/Add.01, and highlighted the amendments that had been made. They reiterated that the amended condition listed in table 2, page 4, would be redacted before the document was published, in line with the relevant confidentiality arrangements. The Co-Chairs opened the floor for comments.

377. A Board member noted with satisfaction that their concern over the risk of market distortions had been addressed following consultations with the AE and the Secretariat; based on the solution proposed to mitigate that risk, the Board member was now able to support the funding proposal. More generally, they emphasized the need to take all necessary due diligence measures to manage the risk of market distortion, which was particularly important given that it related to the reputational risk of the GCF. The Board member recommended further reflection on the issue and suggested that, if other Board members shared the same concern, the Board could request the Investment Committee, the PSAG and the Secretariat to investigate the matter further.

378. The Co-Chairs took note of the comments and invited the Board to approve FP046.

379. There being no objections, the Co-Chairs took it that the Board wished to approve FP046.

Funding proposal 047 (FP047): GCF-EBRD Kazakhstan Renewables Framework (European Bank for Reconstruction and Development)

380. The Co-Chairs opened the sub-item FP047 and invited a representative of the Secretariat to introduce it.

381. A representative of the Secretariat stated that the Kazakhstan Renewables Framework sought to support the development of renewable energy capacity of 330 MW, across 8–11 subprojects, that would be developed under the feed-in tariff scheme introduced by the Government of Kazakhstan. The framework would offset nearly 12 Mt CO₂ eq and had been developed against the backdrop of the Government of Kazakhstan’s green economy strategy, which sought to move away from the current reliance on fossil fuels by a targeted increase in the share of renewables in the energy mix to 3 per cent in 3 years by 2020 from less than 1 per cent at the present time, with the goal of reaching 30 per cent by 2030.

382. The Co-Chairs opened the floor for comments.

383. A CSO active observer stated that, although the programme looked beneficial on the whole, they were concerned about the role of hydropower in the proposal. If the objective was to make Kazakhstan’s electricity supply more diverse and resilient, the focus should not be on additional hydropower installations. Changing precipitation patterns and droughts made hydropower supply less stable, and it often brought with it other environmental and social risks. The CSO active observer suggested that a condition should be added to exclude, or significantly reduce, the proportion of hydropower that would be allowed.

384. Regarding the definition of ‘small-scale hydro’ this should be changed, for example, to use the International Renewable Energy Agency (IRENA) definition as ‘up to 20 MW’ (rather than 35 MW). Further criteria should be provided for each subproject on the height of the dams and size of the reservoirs, and on the socio-environmental footprint of the project.

385. The observer stated that the gender action plan was extremely vague. The significant strengthening and improvement of this gender plan should be a condition for disbursement, with timed targets, clear assignment of responsibilities, specific baselines and targets, and a designated budget.

386. They also sought more clarity on a provision in the framework for environmental and social management systems for the project, which seemed to differentiate between private and public-sector disclosure requirements for category A subprojects; 120 days prior disclosure should be the GCF standard for all category A subprojects, not 60 days for the private sector, as suggested in the current framework for environmental and social management systems. Such consultations should also be documented on the GCF website as well as on the website of EBRD.

387. The observer welcomed the fact that financing would be provided to make necessary upgrades to the grid, specifically for renewable energy integration. However, they wished to see further clarity on how this was to be assessed.

388. Finally, the proposal raised a series of policy questions that would be submitted in writing. Notably, although it was half-public, half-private, the classification as “private” severely restricted transparency. There was also an issue of concentration: if it was approved alongside all the others before B.18, almost 30 per cent of GCF funding would be channelled through the EBRD alone.

389. The Co-Chairs thanked the observer and stated that the comments had been duly noted. They invited the Secretariat to respond.

390. A representative of the Secretariat responded as follows: (a) the programme was limited to small hydro (20 per cent) with none of the projects for the hydro dam exceeding 35 MW; (b) disclosure had been completed in March 2017; and (c) the framework targeted private sector entities and beneficiaries.

391. A representative of EBRD, the AE, stated that EBRD had a gender engagement policy, and was working with the government authority to have strong gender inclusion. Private sector entities would be required to comply with established rules. In addition, each project had separate needs so gender elements were tailored to the project.

392. There being no further comments, the decision was approved.

Funding proposal 048 (FP048): Climate-Smart Agriculture (CSA) Risk Sharing Facility for MSMEs (Inter-American Development Bank)

393. The Co-Chairs opened the sub-item FP048.

394. A representative of the Secretariat introduced FP048. The climate-smart agriculture risk sharing facility was aimed at unlocking innovative and scalable financial instruments to support investments in the area of climate-smart agriculture, targeting Guatemala and Mexico.

395. Of the total programme funding of USD 158 million, USD 20 million would be funded by the GCF in the form of loan, equity, guarantee and grants, to allow Inter-American Development Bank (IDB) to make different interventions in this new market. USD 10 million would be co-financed by IDB Group and the remaining USD 128 million was expected to be mobilized by the private sector investors.

396. The GCF was taking the first-mover risk to develop innovative financial products because the perceived risk of investments in the climate-smart agriculture sector had been hindering both public- and private-sector capital. The facility had a high potential for replicability and scalability not only across Latin America and the Caribbean but also in other parts of the world. Many developing countries had prioritized climate-smart agriculture as one of the key priorities to meet their nationally determined contribution goals.

397. The Co-Chairs reminded Board members of an intervention under an earlier item concerning the lack of an accepted definition of the term “climate-smart agriculture” used in this funding proposal which would need to be addressed. The floor was open for any further comments.

398. A Board member highlighted several general points regarding funding proposals as a whole, including the need to address policy gaps as a priority. They recommended that the Board focus on this objective at B.19. They also expressed support for the proposed two-stage approach, and called for stronger engagement of the Secretariat with Focal Points, AEs and other stakeholders at the concept note stage.

399. Regarding FP048 the Board member expressed support for the funding proposal for several reasons including: (a) it addressed micro, small and medium-sized enterprises; (b) it focused on access for sustainable agriculture and forestry-related activities; (c) it provided tailored support to farmers; (d) it had a strong focus on gender; (e) it responded to the need to diversify the GCF portfolio; (f) it was cross-cutting; and (g) it targeted an area of agriculture affected by climate change.

400. The Co-Chairs suspended the item.

401. The Co-Chairs reopened the item on the final day of the meeting. They informed Board members that the title had been changed to “Low emissions and climate-resilient agriculture risk-sharing facility”. Paragraph (b) on page 2 had also been amended to reflect this change, and the reference to FP048 was now referred to in the new paragraph (e). This change was to clarify the understanding and definition of “climate-smart agriculture”.

402. There being no further comments FP048 was approved.

Funding proposal 049 (FP049): Building the climate resilience of food insecure smallholder farmers through integrated management of climate risks (the R4 Rural Resilience Initiative) (World Food Programme)

403. The Co-Chairs opened the sub-item FP049.

404. A representative of the Secretariat introduced FP049, explaining the vulnerability to climate risk of Senegal’s food-insecure households, and the project’s strategy to improve households’ coping mechanisms through the risk reduction, transfer and risk reserves components. They also provided the beneficiary figures and financing information.

405. The Co-Chairs opened the floor for comments.

406. A CSO active observer stated that for Output 1.2, related to climate services, the medium of communication did not include local communication channels, such as village meetings, information sharing during farmers’ cooperative meetings and so on. As the project targeted 405,000 highly vulnerable, food-insecure rural people living in disaster-prone and food - insecure districts, dependent on climate sensitive and marginal livelihoods, it was important to specify the criteria for identifying beneficiaries and their ability to repay, even in kind.

407. Output 2.1 provided for pay-outs to food-insecure farmers in case of rainfall deficiency. Therefore, the amount given should be commensurate with the duration of the impacts of

climate change. They recommended that the insurance should also cover cases of extreme rainfall where farmlands were submerged by floods.

408. The observer also recommended that, for the sustainability of the initiative and ownership by farmers, it was important to set up/strengthen a system of cereal banks that would enable beneficiaries not only to repay with their surplus but also to be able to cope with lean periods. This would also help them to sell their crops for a fair price.

409. Finally, for sustainable livelihoods among farmers, the CSO active observer recommended that access to credit and markets needed to be enhanced and the local context needed to be considered, in terms of capacities and existing structures; this should complement agricultural insurance. For the farmers to take ownership of the project, especially those living in areas with high rates of illiteracy, their capacity needed to be enhanced.

410. The Co-Chairs thanked the observer for their comments.

411. There being no further comments or objections, FP049 was approved.

Funding proposal 050 (FP050): Bhutan for Life (BfL) (World Wildlife Fund)

412. The Co-Chairs opened the sub-item FP050.

413. A representative of the Secretariat introduced FP050. The proposal “Bhutan for Life (BfL)” was submitted by the World Wildlife Fund (WWF) to support Bhutan in securing 50 per cent of the nation’s territory as a protected area, and served as the cornerstone of Bhutan’s pledge to remain carbon neutral. The project was a concrete example of a paradigm shift project showing strong commitment from Bhutan to set aside half of the country for conservation and moving towards a low-emissions development pathway. The project requested GCF grant funding of USD 26.5 million, leveraging USD 91.7 million.

414. The Co-Chairs opened the floor for comments.

415. There being no comments, FP050 was approved.

Funding proposal 051 (FP051): Scaling-up investment in low-carbon public buildings (United Nations Development Programme)

416. The Co-Chairs opened the sub-item FP051.

417. A representative of the Secretariat introduced FP051. Bosnia and Herzegovina had a large stock of ageing buildings with high energy consumption, many of which were heated by coal or other fossil fuels with high levels of greenhouse gas emissions. The energy efficiency sector was still at a nascent stage, and regulations hampered the leveraging of finance at scale for energy efficiency investments.

418. The representative stated that the project aimed to reduce emissions from public-sector buildings in Bosnia and Herzegovina through energy efficiency retrofits and the substitution of highly polluting coal and light fuel oil with biomass, while effecting a paradigm shift in Bosnia and Herzegovina's investment framework in energy efficiency.

419. The representative further noted that the project would reduce emissions from high-emissions public-sector buildings through increased energy efficiency and fuel substitution and achieve emission reductions at a unit cost of USD 9 per t CO₂ eq for the GCF. The project would improve thermal comfort for the beneficiaries, currently severely under-heated, and support job creation.

420. The Co-Chairs opened the floor for comments.

421. A CSO active observer stated that GCF should not be funding biomass projects for several reasons:

- (a) Non-carbon neutrality. The zero-carbon heating claim did not count emissions from burning wood;
- (b) Deforestation. By increasing demand for wood, there was the potential risk of expanding forestry to previously untouched areas;
- (c) Fuel switching concerns. In the early part of the document, gas, biomass and solar were all listed, but later on, the references were only to biomass, especially wood pellets;
- (d) Sustainability of wood pellets. The proposal mentioned 'local' pellets, but it was unclear what sustainability measures were in place to make sure the wood was coming from where GCF thought it should. Nor was it clear whether native forests, which had a higher carbon-carrying capacity than managed forests, were being cut down or if there were any replanting plans;
- (e) Assumed improved air quality. Biomass could actually be worse than coal in terms of air quality; and
- (f) Lack of innovation. Burning wood was not transformative.

422. The observer stated that civil society supported the energy efficiency retrofits in this project. However, it was disappointing to see the aim was to meet only the minimum efficiency standards. Under the European Union Energy Performance of Buildings Directive, member States had to pass their own minimum efficiency standards. The proposal did not elaborate on Bosnia and Herzegovina's minimum standard, and civil society was concerned that it may be far too weak for a GCF project.

423. The Co-Chairs thanked the observer for the comments.

424. There being no further objections, FP051 was approved.

Funding proposal 052 (FP052): Sustainable and climate resilient connectivity for Nauru (Asian Development Bank)

425. The Co-Chairs opened the sub-item FP052.

426. A representative of the Secretariat introduced FP052. The funding proposal titled "Sustainable and climate resilient connectivity for Nauru" was submitted by the Asian Development Bank. Nauru, as a SIDS, was the smallest island country in the world and was strongly dependent on its port for supply of food, energy and other essentials. However, the port was expected to be inoperable for longer periods due to the impact of climate change. The proposal sought to address this issue by constructing a climate-resilient port that could operate year-round, using GCF finance to cover the incremental costs to upgrade the port infrastructure with climate-resilient features.

427. The Co-Chairs opened the floor for comments.

Discussion part 1

428. In the initial plenary session, many Board members supported the funding proposal, some had concerns about elements of it or wished to reserve their position, while one Board member stated that the case had not been made for approval.

429. Those who supported it did so on several grounds including that Nauru was exactly the kind of adaptation project GCF should be supporting as mandated under the Convention and

Paris Agreement, that the Secretariat and the TAP were recommending it, and that it could be used as a good test case.

430. Others had concerns related to its potential precedent-setting nature as a port infrastructure in terms of adaptation, levels of concessionality, methodologies for establishing baseline mitigation for CO₂ emission calculations, and because the incremental cost was less than convincing.

431. The Board member who stated the case had not been made for approval did so on the grounds of GCF policy in terms of measuring whether or not a project should be approved, based on an assessment of the project against the six investment criteria and criteria to minimize concessionality. The Board member gave the following examples by way of illustration: (a) in terms of impact potential and the contribution to a shift to low-emission and sustainable development pathways, they were not confident about the projections of a 50- or 60-year life span, given that meteorological predictions were uncertain; (b) in terms of paradigm shift, they did not concur that this targeted an innovative solution or that the theory of change for scaling- up was made, and disagreed with the TAP that the financing model and technical approaches were changing paradigms which would be widely replicable in the Pacific and elsewhere; (c) they accepted that the needs of the recipient and country ownership criteria were met and had discussed this with the proponents; (d) in terms of efficiency and effectiveness, the proposal did not make the case for the proposed level of concessionality; and (e) they were not persuaded that the baseline was accurate. They could see some justification for GCF supporting elements of the proposal such as breakwaters.

432. Another Board member echoed these views regarding climate impact of the project and its relationship to the mandate of the GCF. While there was clearly an urgent need for Nauru, the Board member said the GCF should not be diverted from its mandate. The project went beyond what was needed from GCF for adaptation to climate change; the case for the level of GCF funding had not been convincingly made. In terms of mitigation impact, the Board member was not convinced by the methodology. The proposal referred to an improved port becoming a hub for transfer of cargo and referred to the expansion of a fuel business from the port. The Board member wished to know whether an assessment of the increased greenhouse gas emissions from such a business had been considered. Finally, it was unclear from the funding proposal how the project linked to the country's NDC.

433. For another Board member, the funding proposal created fundamental questions about what was the additional cost to respond to climate adaptation needs that merited the level of GCF funding requested. The costs for GCF were high in relation to a small climate component. This had implications for other projects, especially in terms of considering how additional costs were defined. The Board member did not think that the additional costs had been appropriately calculated in the proposal.

434. A Board member representing the Pacific region SIDS supported the proposal based on the recommendations of the Secretariat and the independent TAP; climate change was a cross-cutting issue, including infrastructure for adaptation. As a resource-constrained Board member they did not have the capacity to do detailed analyses of funding proposals and had to rely on the judgements of the Secretariat and the TAP. The Board member noted that this was perhaps the first time that the Secretariat and the TAP determined no major conditions for a proposal.

435. Another Board member stated that Nauru fell within their region and speaking on behalf of their constituency, they wished to support the proposal. The Board member pointed out that Nauru was the smallest island nation in the world with a fragile economy, wholly dependent on its port. The Board member supported the view regarding baselines reflected in the proposal: the port had been built and operated for many years. With changing weather patterns, higher waves, sea-level rise and more severe storms, the port was now inoperable for up to 3 months a

year. It was clear that the island was being impacted by climate change and was unable to take on more debt, either from the Asian Development Bank or others. The AE was seeking 73 per cent of the money needed to climate-proof the port from GCF. This was a clear case where the GCF should be playing a role; the GCF was mandated under the Governing Instrument to provide support for adaptation to developing countries, including LDCs, SIDs and African States. The proposal had strong adaptation and mitigation components. There were no conditions and it was also strongly country-owned.

436. Several other Board members supported the view expressed by the previous Board member. One said that, knowing the region, they were well aware of the challenges facing countries from climate change. Although they supported the proposal, it was important for all Board members to be convinced. They suggested that the Co-Chairs look at how to capture the most compelling arguments and, if this was not possible, separating out those elements in the proposal where consensus could be achieved. This proposal was supported by two other Board members.

437. Another Board member said that countries such as Nauru were particularly vulnerable. Some international commentators had said that if the inhabitants of such islands were now more vulnerable because of climate change, they should relocate elsewhere. For the Board member, the populations concerned had a right to stay in their homelands for as long as they could; they were not responsible for the climate change from which they were suffering. The Board member underlined the impact that major weather events had on small islands, making their ports and airports critical to survival. In this case, 100 per cent of the population would be beneficiaries of the project which also had high co-financing.

438. Another Board member said that this was exactly the kind of project the Board should expect to see from one of the most vulnerable and exposed parts of the world. If not supported by the Board people would suffer. It was important to also consider the context in that particular country. The proposed solution might not be justified in other countries, but in the case of Nauru it was well justified. For another Board member, there was no justification for non-approval of the funding proposal.

439. Although supporting the proposal, a Board member wished to know if the Board would see approval of this project as setting a precedent. It would certainly be possible for other countries to bring forward similar proposals regarding port infrastructure. Having listened to other Board members they concurred with an earlier point regarding incremental costs. They also had doubts regarding the baseline argument. They wondered if the Secretariat and the TAP had the right guidance from the Board in terms of eligibility criteria. They asked the Co-Chairs to request the Secretariat and the TAP to explain why they had made their recommendations and whether they had had similar questions to those raised by some Board members.

440. Another Board member also felt that this proposal could be precedent setting and had concerns about the objectives of the project. Furthermore, they had questions as to how building a port was paradigm shifting and what was the climate component of this project.

441. A further Board member said that the climate rationale and business case were clearly made in the proposal. However, they wished to highlight a broader issue. GCF had a clear role under the Convention and the Paris Agreement; it was mandated to support projects to enable developing countries with adaptation and mitigation; this was a clear case of providing adaptation support to a vulnerable population. This was infrastructure on which the country depended and the total population were beneficiaries. There was also a mitigation component in the proposal and they fully supported it.

442. The Co-Chairs thanked the Board members and invited the Secretariat to respond.

Secretariat response

443. The representative of the Secretariat said that, in undertaking second-level due diligence, they had kept in mind the guiding principles and factors for determining financial terms and instruments and the investment guidelines agreed to in decisions B.05/07 and B.07/06, which led the Secretariat to consider that a grant was appropriate for this project.

444. In terms of paradigm shift, the project was clear in its logic of action and how barriers to transformative change were removed.

445. The consideration of different alternatives drew from several technical and scientific studies such as the modelling of ocean dynamics, making the project innovative from its conceptualization, and a potential model for the preparation of background studies in other projects.

446. A successful intervention provided a model for other similar countries in the Pacific region facing similar challenges, and that climate-resilient ports could contribute to a paradigm shift in resilience across the region.

Response from the accredited entity

447. The representative of the AE said they wished to add further context for the Board's consideration as follows:

- (a) The main vulnerability for Nauru came from the ocean, creating larger and more frequent storms that impacted on its connectivity to the rest of the world. Nauru used to repair its port every 7–10 years; now they had to repair it every 3–5 years. Every time they repaired it, it cost millions of dollars; modelling predicted that this would get worse in the future but it was hard to predict how much worse. The AE had designed the project to accommodate as many potential future scenarios as possible; and
- (b) Why GCF financing? The baseline project was USD 28 million but this did not provide climate resilience. To make the port climate resilient, which the Government of Nauru believed was the most important adaptation action for the country, a total cost of USD 65 million had been calculated. The incremental cost of the adaptation component was an estimated USD 37 million. GCF was being asked to fund two thirds of the adaptation component, which was aligned with GCF objectives and investment criteria.

Response from the independent Technical Advisory Panel

448. A representative of the independent TAP said that the Panel stood by its assessment and recommendation. Panel members had also asked the questions raised by Board members themselves, as did the AE and the Secretariat. With 30 years' experience and detailed knowledge of the topic, the representative was confident with the baseline calculations and would be happy to sit down with experts from Board members' teams to discuss these.

449. The Co-Chairs proposed to adjourn the item and continue consultations. One Board member said that they had found the comments made by the AE and the TAP valuable and raised a query regarding baselines. They noted the non-climate resilient baseline and climate resilience project costs of USD 28 million and USD 65 million, respectively, and sought confirmation that the difference was the incremental cost.

450. The AE explained that the incremental cost of the adaptation component was USD 37 million, and again clarified that the Government of Nauru was funding one third of that and GCF was being requested for remaining two thirds.

451. A Board member who had first raised the question about precedent setting suggested that a way forward was to approve the project on a pilot basis, as this was the first of its kind for

the GCF. Clearly the GCF could not fund the world's ports and the Board had to be very rational in its consideration of such infrastructure projects. At the same time, the country had ratified the Convention and signed the Paris Agreement and had full rights to request funding support for such a project. There was a way forward under the GCF result areas. They proposed that the Board approve the project with conditions which would be different from normal conditions applied to projects. In this case it was necessary to examine incremental costs, impacts on limiting greenhouse gas emissions and the potential for replicability. While there were risks, this was a good opportunity to use this case as a model; it could not be approved on an exceptional basis or for small islands. It would be necessary to monitor the project very closely with regular reports.

452. The Co-Chairs invited the AE to take the floor again.

453. The AE said that it was important to expedite the project; just two shipping companies operated out of the port. One had already pulled out because it was not feasible to service Nauru from a business point of view when they were suffering a 20- or 30-day wait to access the port. As far as the second company was concerned, the Government of Nauru did not know how long they would stay. This created a very vulnerable situation for Nauru's Government and people.

454. The Co-Chairs adjourned the item.

Discussion part 2

455. The Co-Chairs reopened the item on the final day of the meeting.

456. A Board member who had expressed reservations about FP052 stated that they had had a round of discussions with the AE and other partners. This was an important test case as it was the first project received by GCF focusing on climate-resilient transport infrastructure. The Board member said that there was a clear climate rationale. However, the issue was to what extent the GCF should finance economic infrastructure with climate-resilient design. The balance between GCF finance and other development finances was considered not to be fair and equitable, given the significant economic benefits accruing from the port upgrade. The case raised important policy gaps. The proposal assumed that the costs of the baseline option and climate-resilient option was the incremental cost; two thirds of this cost was being requested from GCF. However, the issue was not just a cost issue but also involved the benefit side of the equation. The total benefit compared to the baseline option was around USD 31 million, and the climate and mitigation benefits represented only 10 per cent; other benefits were economic. The Board member stated that GCF would be financing a project whose climate benefits represented only 1/10 of the entire benefits. The Board member asked whether the Board was ready to set a precedent of using GCF funds to finance incremental costs where the climate benefit cost was small but GCF would be bearing the largest cost. The Board member recalled decision B.17/10 which requested the Secretariat to develop a proposal for incremental cost calculation methodology by B.19, the approach and scope for adaptation activities, and a policy on co-financing. On the assumption that the Board would embark on a serious review of incremental cost and related issues to avoid returning to this discussion in the future, the Board member expressed support for the proposal.

457. The Co-Chairs responded that indeed the case posed a dilemma for the Board in terms of development versus climate finance. This was not just an issue for GCF but more widely within the UNFCCC.

458. Another Board member, who had initially expressed concerns on the level of grant contribution from GCF, informed the Board that they had consulted with the AE and discussed the choice of baseline. They did not share the conclusions of the AE and had the same grounds for doing so as summarized by the previous Board member.

459. Furthermore, the Board had policy gaps on the definition of adaptation and on issues of concessionality. In a spirit of consensus, they were prepared to support approval of the funding proposal. However, this should not be seen by the Board as a precedent and they wished to reserve their position if a similar case came before the Board until the Board had agreed appropriate guidelines.

460. Another Board member emphasized that Nauru was losing money because of climate change; it was costlier for the country due to climate change. This project took them back to their baseline. Taking a house as an example, the Board member said that although it might cost 40 per cent more to rebuild a house damaged by a hurricane, the house would not have a higher market value. This was an excellent case study in terms of incremental cost. It was not a simple value-added argument. This was a case of higher incremental costs due to climate change.

461. The Co-Chairs asked if the funding proposal could be approved. There being no further objections, it was so approved.

462. Following the adoption, the Board member from the United Kingdom wished to record the United Kingdom's reservation in terms of GCF value for money and would provide a statement to the Secretariat.⁴

Funding proposal 053 (FP053): Enhancing climate change adaptation in the north coast and Nile Delta regions in Egypt (United Nations Development Programme)

463. The Co-Chairs opened the sub-item FP053.

464. A representative of the Secretariat introduced FP053 and highlighted the two main outputs of the project: the reduced vulnerability of coastal infrastructure and agricultural assets to coastal flooding damage in hotspot locations in the Nile Delta; and the development of an integrated coastal zone management plan for the entire north coast of Egypt. The number of beneficiaries and the financial structure of the project were also detailed.

465. The Co-Chairs opened the floor for comments.

466. A CSO active observer stated that they agreed with the Secretariat's review that coastal erosion, in addition to climate drivers, was also enforced by non-climate change drivers such as increased groundwater extraction. Therefore, civil society wished to see such factors included in the integrated coastal zone management plan. This would be important to avoid future maladaptation through intensified land use around the dyke hotspot areas. They requested that this be included as a condition prior to approval.

467. Regarding stakeholder consultation, the observer acknowledged the efforts made over the past two years with 36 consultative workshops. They requested that further consultations be undertaken to maximize, for example, the employment opportunities for local community members, including women, and to avoid negative impacts on fisher folk at the sites for dredging materials for the soft dyke structures.

468. Finally, the observer requested that the gender action plan be reflected in the overall project logframe, for example, through including the need for gender-disaggregated data and indicators reflecting women's active leadership. This could be reflected in integrated coastal zone management planning rather than the "equitable participation in capacity-building" as currently stated in the gender action plan. The project should also explore the possibility of the

⁴ Statement by the United Kingdom on the approval of funding proposal FP052: "The UK registers its reservations on the value for money for the GCF made for the project, and requests that the project be closely monitored and evaluated."

women-led community stewardship committees acting as local executing entities and a budget allocated for this purpose.

469. The Co-Chairs thanked the observers for the comments, which had been noted.

470. There being no objections, FP053 was approved.

Funding proposal 054 (FP054): Implementation project of the integral management plan of the Lujan River Basin (Corporación Andina de Fomento)

471. The Co-Chairs opened the sub-item FP054.

472. A representative of the Secretariat introduced FP054, including key information on the number of beneficiaries, environmental and social safeguards categorization and level of GCF contribution and co-financing.

473. The Co-Chairs opened the floor for comments.

474. A CSO active observer stated that they had several concerns about the project:

- (a) It failed to address root causes of the problems in the Lujan River Basin, such as unplanned urban expansion and deforestation. The project should include non-infrastructure actions that aimed to reconstruct natural ecosystem services for flood management, for example, reforestation, change of soil use, and spatial planning for the whole area of influence, including pasture areas, wetlands, and natural flooding areas;
- (b) It did not yet have an approved environmental licence or an Environmental Impact Assessment (EIA) or a Strategic Impact Analysis (SIA). These were serious deficiencies, given that the project included the development of new infrastructure works such as dredging and canalization;
- (c) The project did not come with a legitimate social mandate because the plan on which it was based was not subject to an adequate participatory process. The meetings for the presentation of the project had several weaknesses, and were poorly communicated; this was especially sensitive when the project may call for expropriations and resettlements. The observer stated that they wished to submit detailed comments in writing; and
- (d) The proposal does not mention that protected areas could be affected, even though one of the actions of the project was the widening of the Santa Maria Canal, which passed through the Otamendi Reserve. As a condition to this project, there should be a complete analysis of possible impacts to protected areas.

475. The Co-Chairs thanked the observer for the comments, which had been noted by the Board.

476. There being no further objections, FP054 was approved.

Funding proposal 055 (FP055): Poverty, reforestation, energy and climate change (PROEZA) project

477. The Co-Chairs drew the attention of the Board to FP055, as contained in document GCF/B.18/04/Add.10/Rev.01, and invited a representative of the Secretariat to introduce the funding proposal.

478. A representative of the Secretariat gave an overview of FP055, explaining that the proposal “Poverty, reforestation, energy and climate change (PROEZA) project” had been submitted by the Food and Agriculture Organization of the United Nations (FAO) to achieve

both mitigation and adaptation results while reducing poverty of poor and extremely poor communities in eastern Paraguay. The project would help people from those communities to implement afforestation and reforestation initiatives, combining native and exotic tree species. The project contained a request for USD 44.5 million worth of grant funding from GCF, which would leverage an additional USD 74.1 million.

479. The Co-Chairs opened the floor for comments.

480. A Board member said that they had carefully reviewed the proposal and identified a number of investment criteria that it had not met; for example, the proposal lacked clarity on how the poverty reduction measures for poor households would be sustained beyond the first five years; how much of the mitigation impact potential was attributed to each component of the project; and how the project met the GCF requirement for minimum concessionality. Given that revenue generation for component II of the project would be supported by loans, the Board member questioned why GCF grant funding was requested under component I. Additionally, the data on stakeholder consultations were unclear and the potential negative impact of eucalyptus and monocultures was of significant concern. While acknowledging the evident needs of the target population, the Board member questioned whether the GCF was the appropriate source of funding for the proposal, whether GCF funding could be justified for one half of the project while the other half was apparently viable without GCF funding, and why the Government of Paraguay could not cover more of the project cost.

481. Another Board member highlighted the project's strong country ownership and good potential for replicability, and noted that the grant financing component was aimed at supporting the poorest sector of the Paraguayan population.

482. A CSO active observer welcomed certain elements of FP055, in particular component I, which was aimed at supporting poorer sectors of the country and had the potential for positive impact on the livelihoods of indigenous peoples and other local communities, and component III, which focused on good governance and law enforcement, and could help to increase the capacity of the Paraguayan government to define policies and actions in response to climate change. The observer said that the successful implementation of component III should precede the implementation of the other components, and that the Board should not approve component II until the eucalyptus plantations for bioenergy/timber had been excluded from the proposal, because of the significant biodiversity risks associated with the large-scale use of exotic species such as eucalyptus in afforestation and reforestation projects, as stated in the Secretariat review. The observer also questioned the mitigation benefits of the plantations under component II, since a large portion of the medium-scale plantations would be used for bioenergy and timber production purposes. While commending the engagement of the FAO and the Minister of Planning for Social and Economic Development of Paraguay with the National Federation of Indigenous Peoples Organization in Paraguay, the observer underlined that this engagement must not be equated with the process of "free, prior and informed consent", for which the AE must establish a comprehensive process immediately following project approval. Lastly, the specific measures taken to ensure the equal access of women and men to information and technical assistance during the implementation phase should be further defined.

483. The Co-Chairs took note of the comments and suspended the discussion on FP055.

484. On the following day of the meeting, the Co-Chairs reopened the discussion on FP055.

485. A Board member said that the objections raised by Board members to the approval of FP055 were not related to the structure of the funding proposal with respect to the investment criteria, nor to the climate rationale of the proposal; both of those aspects had been cleared by the TAP. They suggested that if Board members wished to raise policy questions about the eligibility of middle-income countries for GCF funding, then that matter should be discussed by the Board. The Board member expressed concern that the approval of funding proposals at the

GCF, a multilateral fund, could be blocked by individual countries based on unilaterally imposed conditions and national stances rather than based on the policies negotiated and agreed by the Board; they also noted that other multilateral institutions did not function in the same way. The Board member called for consensus-building among Board members based on mutual trust and respect, and expressed concern that developing countries could be denied access to much-needed financial assistance if national positions on funding proposals were used to gain leverage on other issues; if unilateral national positions were allowed to take precedence over Board policy, the reputation of the GCF would be jeopardized. The Board member also noted that their constituency was home to various developing, middle-income and developed countries, as well as developing countries, and highlighted that all of those countries suffered the impact of natural disasters – which had been gaining in intensity over the past few decades – and thus deserved appropriate assistance in response. They underlined that their constituency, rather than demanding direct compensation for the negative impact of anthropogenic climate change, respected the processes of the GCF and engaged with them in good faith; they therefore called on all other constituencies to do the same.

486. The Co-Chairs invited the Secretariat to provide a brief overview of FP055 to remind Board members of its essential content.

487. A representative of the Secretariat briefly summarized the main information set out in FP055.

488. A representative of the independent TAP noted that, from the perspective of the Panel, the lack of clear policy guidance from the Board made the proposal review process challenging. They clarified that although questions had been raised about whether FP055 met the criteria for adaptation, other funding proposals with similar issues had been approved by the Board in the past. For FP055, the TAP had attempted to address its concerns regarding adaptation by issuing certain recommendations and by consulting with the AE; it would, however, be easier to make decisions on the eligibility of funding proposals once efficient baselines for adaptation had been established. Given that many countries lacked comprehensive local data on adaptation, it was important to build up the necessary data and plan adaptation measures that would have a real impact. In terms of mitigation, the representative noted that FP055 was the first GCF funding proposal so far where social protection elements had been introduced, and highlighted the importance of including poor and extremely poor people in global efforts to combat climate change; although social elements had been highlighted by the TAP, this should not be understood to undermine the mitigation potential of the proposal. They noted that the risks entailed by FP055 were not particularly high, and that many similar funding proposals had already been approved by the Board. While certain risks would inevitably be involved in the project implementation process, the TAP was in favour of assisting the AE to improve their implementation processes, and for that reason had recommended that the Secretariat should closely monitor the implementation the project.

489. A representative of the Secretariat said that FP055 had strong mitigation potential, particularly with regard to the recovery of carbon stocks. The proposal also had an innovative financial structure, in view of its high leveraging of government funding, which would ensure the sustainability of GCF financing over time. Lastly, they noted that while Paraguay had a stable economy overall, certain sectors of the population – including those targeted by FP055 – remained highly vulnerable.

490. A representative of the AE said that the proposal had been prepared through an intensive 20-month process led by the Government of Paraguay, including strong engagement with local communities and non-governmental organizations. The project combined climate change adaptation and mitigation with poverty reduction for poor and extremely poor farmers affected by climate change in the rural areas of Paraguay and other Latin American countries. In

response to requests for clarification on the mitigation potential of the project, the representative stated that under component I of the proposal, 3.9 Mt CO₂ eq would be sequestered and 4 Mt of CO₂ eq emissions would be avoided; under component II, the value 3.9 million tonnes relative to the substitution of heating oil was a conservative estimate, as the sequestration in biomass had not been considered. The cost with regard to the GCF investment in the project was USD 5 per tonne. With regard to stakeholder consultations, at the request of the national indigenous representatives following four dialogue meetings, it had been agreed that the negotiation process would be resumed only once the project had been approved, so as not to raise the expectations of the over 9,000 potential beneficiaries who had been consulted. The environmental and social management framework had been properly disclosed in February 2017. The eucalyptus species had already been broadly used in Paraguay, including by the private sector, and would continue to be used. The use of eucalyptus in the project was not at all mandatory; the project had proposed to use eucalyptus mixed with different species. Full environmental and forest guidelines would be implemented, as well as environmental audits. Regarding concessionality, this applied only to components I and III: component II would be financed by the Government of Paraguay. Revenue generated under component II would be used to support the income of farmers, who did not have viable income projections over a 30-year horizon. Grants under component I were the minimum concessionality required to make the project viable; because the target beneficiaries had little to no loan repayment capacity, loans to them could exacerbate poverty. Grants under component III would cover technical assistance activities to enhance institutional capacity. They underlined that the leverage rate was 1:1.6 for 5 years of implementation, and that since the Government of Paraguay intervention period would last at least 10 years, this would bring the final ratio to 1:7. The PROEZA project experience could provide a model for other countries in Latin America and other regions, to build upon the national cash transfer programme to support mitigation and adaptation actions. Integration of climate change elements into social programmes was an effective way to generate additional income for climate action. The project was innovative and could be replicated in other countries with larger or poorer populations.

491. The Co-Chairs asked whether Board members were prepared to approve FP055 based on the explanations provided so far during the discussion.

492. A Board member noted that they had already stated their position and asked whether they should reiterate their previous comments.

493. The Co-Chairs clarified that their question had related to whether any Board member had changed their initial position since the beginning of the discussion and was therefore now in a position to approve the proposal.

494. The same Board member thanked the Co-Chairs for the clarification and said that although they had listened with interest to the discussion on FP055, they were not in a position to approve the proposal because it still contained a number of deficiencies that needed to be addressed.

495. The Co-Chairs proposed that consultations on FP055 should continue alongside the Board meeting, and that conditions could be attached to the funding proposal if necessary, with a view to achieving consensus.

496. Various Board members commended the Co-Chairs on their efforts to facilitate consensus among the Board members. A number of Board members expressed support for the proposal and highlighted that, according to the TAP and the Secretariat assessment, it met the necessary investment criteria, including on sustainable development, poverty reduction and empowerment of women and vulnerable communities, as well as working in synergy with REDD-plus. A Board member said that the project would not only benefit the target population,

but also serve as a pilot to provide lessons on how to link social and environmental issues to build sustainability.

497. Another Board member, noting that their comments focused solely on the merits of the project and needs of the country, said that the proposal represented the first attempt of the Government of Paraguay to achieve its NDCs and should therefore be encouraged. The project would generate global and national benefits for climate change adaptation and mitigation combined with poverty reduction, and would use GCF support to benefit the poorest region in the country. Moreover, the GCF grant resources would be used exclusively to support poor, extremely poor and female-headed households who would not otherwise be able to invest in long-term climate resilience measures or gain access to finance. With regard to plantations, the proposed plantation management models were a departure from the unsustainable monocultures that represented business as usual in Paraguay, and the component on new-generation planted forests would be financed exclusively by the Government of Paraguay. Lastly, the project would enable the GCF to support the strengthening of institutional regulatory capacity to enhance compliance with environmental laws and social safeguards.

498. Another Board member said that developing countries had often been requested to adjust their development pathways to align with different international strategies and initiatives, and stressed that the extensive efforts that had gone into preparing the funding proposal should not be disregarded.

499. A further Board member urged the Board to work towards achieving consensus on FP055, not only based on GCF rules, but also in the context of the Paris Agreement. They called on Board members to focus their assessment of the proposal on that context, rather than on outside factors.

500. Two Board members objected to the use of the term ‘middle-income countries’; one reiterated that such a term, while applicable to the work of the International Monetary Fund and World Bank, had no place at the GCF, and stressed the need to use language consistent with the UNFCCC.

501. A Board member said that it was unclear whether the present discussion related to the compliance of the funding proposal with the GCF investment criteria or to the pending issue of the unresolved gaps in GCF policy. A number of Board members underlined that the main issue at stake was whether the funding proposal was realistic, cost-effective and eligible for GCF funding according to the existing investment criteria of the GCF, not according to policies which were yet to be established. On that basis, they noted that FP055 – including the project’s structure, costing and sustainability potential – had been assessed by the Secretariat and the TAP and had been recommended for approval.

502. Two Board members suggested that conditions be attached to address the concerns raised; they also emphasized the need for conditions to be realistic, and noted that such a process had been followed for funding proposals approved in the past.

503. Another Board member said that, although it had not been a clear-cut decision, they had decided to support the proposal based on their confidence in the careful review carried out by the Secretariat and the TAP, and in the stewardship of the Government of Paraguay. They also highlighted that, while certain aspects of the country’s economy meant that it was typically perceived as being of a certain income level, certain areas of the country were in extreme poverty and dire need of assistance. The Board member also said that even when comprehensive policies were in place, it was still possible for different countries to arrive at separate judgments; while the Board member had arrived at the decision to support the proposal based on the information provided, they expressed respect for any Board members who may have come to a different conclusion.

504. A CSO active observer clarified that civil society supported components I and III of the proposal, but not component II. On that basis, they suggested that the Board could approve FP055 without component II.
505. The Co-Chairs took note of the comments and suspended the discussion on FP055.
506. The Co-Chairs reopened the discussion on the final day of the meeting and asked whether the Board was prepared to approve FP055.
507. A Board member said that they were not prepared to approve the proposal, for reasons stated earlier in the meeting.
508. Another Board member requested clarification on the nature of those reasons, particularly in view of the explanations that had been provided to the concerns raised, and given the Board member's recent change of position on FP052. It was not possible for the Board to object to proposals for reasons outside the decision-making framework of the GCF, namely, the Convention, the Paris Agreement and the Governing Instrument for the GCF. If objections were based on such factors a GCF policy gap, these factors could not be valid justifications for not approving a project. The Board's consensus-based decision-making only applied to matters within the GCF decision-making framework.
509. The Co-Chairs suggested that consideration of FP055 be deferred until B.19.
510. A Board member endorsed the suggestion by the Co-Chairs and stressed that the large amount of effort and resources that countries and project proponents dedicated to the preparation of funding proposals should not be unnecessarily squandered as a result of the Board's failure to address the gaps in its policies relating to the approval of funding proposals. They also highlighted the challenges faced by the target population of FP055 and the potential for the implementation of such a project to provide lessons learned that could be applied more widely. Lastly, the Board member expressed disappointment over the potential delay of a project that could open many doors for collaboration.
511. A Board member asked for clarification on whether the Co-Chairs proposed to suspend consideration of the current agenda item.
512. The Co-Chairs stated that their suggestion was to suspend consideration of the current funding proposal.
513. A Board member noted that in terms of procedure, if that suggestion were followed, it would be the first time that the Board had agreed to suspend consideration of a funding proposal. To their understanding, such a measure would mean that the funding proposal in question was still under discussion. They therefore wished to know what the next step would be: would the Board, for example, issue instructions to the Secretariat on how to proceed, or request the AE for additional information? The Board member stressed the need for clear instructions to be given to the Secretariat to ensure that the funding proposal was not set aside as ineligible for GCF funding if that were not the intention of the Board.
514. The Co-Chairs took note of the comments and stated that consensus had not been reached on FP055. They suggested that the AE could submit an updated version of the proposal for consideration by the Board at a subsequent meeting.
515. A Board member noted that the AE was also at liberty to seek redress through the Independent Redress Mechanism if necessary.
516. Another Board member noted with concern that the clarifications they had requested on a Board member's refusal to approve the proposal had not been provided. They requested that their comments be recorded in the report of the meeting.

517. A Board member emphasized the importance for the record to set out the reasons why the proposal had not been approved, and requested clarification on whether the report would include such detail or simply state that consensus had not been reached.

518. The Co-Chairs confirmed that the comments made on FP055 would be recorded in the written report of the eighteenth meeting of the Board and as part of the webcast video recording, both of which would be available on the GCF website. They also noted that, while it was standard practice for Board members to explain their reasons for withholding approval of a project so as to facilitate mutual understanding, such explanations were not mandatory.

519. A Board member said that the Board member who had withheld approval of the proposal had clearly described the gaps that they had identified in the project. Three Board members said that the objections raised to the proposal should be included in the wording of the decision under the current agenda item, given that such information could be useful to other project proponents.

520. Speaking as a Board member, one of the Co-Chairs expressed concern that if the reasons why funding proposals were not approved were not clearly set out, there was a risk that countries could be deterred from submitting funding proposals to the GCF.

521. A Board member noted that they had clearly set out the rationale behind their position and asked whether they should repeat their comments, given the limited time available for the consideration of the current agenda item.

522. The Co-Chairs stated that this would not be required and informed the Board that they intended to close the discussion on FP055.

523. The item was duly closed.

Funding proposal 056 (FP056): Scaling up climate resilient water management practices for vulnerable communities in La Mojana (United Nations Development Programme)

524. The Co-Chairs opened the sub-item FP056.

525. A representative of the Secretariat introduced FP056. The funding proposal focused on three main areas of intervention: the restoration of the ecological functioning of the La Mojana wetlands; the provision of potable water supply to the rural poor households and communities; and improvements in livelihood resilience. Total funding was USD 117.2 million, of which USD 38.5 million as requested was in the form of a grant from GCF.

526. The Co-Chairs opened the floor for comments.

527. There being no comments the decision was adopted. However, a flag was subsequently raised and the Co-Chairs stated that the decision was in abeyance, pending the intervention.

528. A CSO active observer welcomed the proposal and the support it could bring to the vulnerable populations in La Mojana region. They particularly welcomed the way in which it engaged indigenous peoples' representatives from the project-affected communities, and wished to see this type of consultation replicated by other projects and programmes.

529. The observer said that, when working in indigenous territories with indigenous communities, they recommended including an indigenous peoples' expert in the Portfolio Management Unit (PMU).

530. A Board member stated that when active observers had made comments about a funding proposal, an opportunity should be given to the AE and the Secretariat to respond, even though this took a little more time. This was supported by another Board member.

531. Before inviting the AE representative to take the floor, the Co-Chairs reminded Board members that active observers had an advisory role in Board meetings; it was the prerogative of Board members to take decisions.

532. The representative of the AE thanked the CSO active observer for their intervention which would be taken into consideration in the implementation of the project.

533. There being no further objections, FP056 was approved.

Funding proposal 057 (FP057): Climate action for rural development: community-based adaptation and mitigation in Argentina

534. The Co-Chairs drew the attention of the Board to FP057, as contained in document GCF/B.18/04/Add.12, and invited a representative of the Secretariat to introduce the funding proposal.

535. A representative of the Secretariat said that FP057 was designed to create an enhanced direct access (EDA) facility to fund investment in climate subprojects by local governments and farmers' organizations, and recalled that the EDA modality, established in decision B.10/04, had been designed to enhance the country ownership of projects and programmes by devolving decision-making to the country level. Under the funding proposal, GCF was requested to contribute USD 22.06 million to cover the incremental cost of subprojects and capacity-building activities. Co-financing of USD 4.27 million would be provided by the DAE, Unidad Para el Cambio Rural (Unit for Rural Change, UCAR), local governments and grantees.

536. The Co-Chairs opened the floor for comments.

537. A number of Board members expressed support for FP057, describing it as an innovative, pioneering and paradigm-shifting proposal which was well designed and well explained. Various members welcomed its submission under the EDA programme and highlighted that the implementation of the project would provide a good opportunity to learn lessons that could be used to enhance future climate action. A Board member highlighted that the proposal reflected a core element of Argentina's climate policy and NDCs, and another noted with satisfaction that the proposal was a rare example of a programmatic approach submitted to the GCF consisting of various subprojects.

538. Several Board members also noted the need for careful management of the activities under the programme; one called for the establishment of robust eligibility criteria and an effective selection process for subprojects, both as part of FP057 and in future similar programmes. Two Board members said that the structure of the proposal was too loosely defined, and a number of Board members endorsed the conditions proposed by the independent TAP assessment, in particular the covenant for a GCF-approved investment and operations manual for the two outputs under component 2 of the programme.

539. While acknowledging the value of the EDA programme and welcoming the positive elements of the project, including its compliance with the criteria for sustainable development potential and country ownership, a Board member nonetheless stated that the funding proposal required further development before they would be able to endorse it. With regard to impact potential, the cost of USD 765 per beneficiary was unusually high and could only be merited if the project were to offer sufficient potential for scalability and replicability. The stated potential for greenhouse gas emission reduction was difficult to verify given that the individual project activities were not known; while recognizing that learning by doing was part of the design, the Board member emphasized the need for careful management of projects, and voiced their uncertainty over how that would be guaranteed in FP057. With regard to paradigm shift, the Board member noted that the proposal related to a small number of micro-regions in the north of the country; the Board member voiced uncertainty over the commitment of the Government

of Argentina to maximize the benefits of the project. On the needs of the recipient, while the proposal focused on the poorer areas of the country, the Board member did not judge that the GCF resources sought sufficiently reflected the overall economic situation in Argentina. Furthermore, the proposal did not contain sufficient justification for the level of concessionality requested; in particular, component 2.1 of the proposal appeared to be a revenue-generating element which would be credit-worthy.

540. A number of Board members said that the type of approach proposed in FP057 would inherently involve testing new initiatives, which included some unknown factors, and learning from experience on the ground. One said that FP057 offered an opportunity for the GCF to fund action in an area that was rarely addressed by multilateral funds and engage with new stakeholders such as DAEs that may have never worked with a multilateral fund before. A Board member said that UCAR offered good potential for maximizing capacity on the ground and had the necessary relationships with entities and communities on the ground to be able to bridge the gap and deliver significant results.

541. Three Board members underlined that the amount of funding requested (and therefore exposure of the Fund to risk) was relatively small and should not be subjected to the same heavy conditions as much larger-scale funding proposals. A Board member urged the establishment of the necessary checks and balances to enable FP057 to be approved. Another highlighted the principle that the cost of inaction was greater than the cost of action.

542. A Board member underlined that they respected the positions adopted by all Board members.

543. Another Board member emphasized that the GCF was not designed to provide development assistance to unlimited numbers of people in need, but to address specific challenges, including building the resilience of vulnerable communities that were suffering the devastating effects of climate change through no fault of their own. They highlighted, for example, that people in some of the most vulnerable areas were not only subjected to increasingly damaging climate phenomena, but were also obliged to pay exorbitant amounts for resilient repair and construction of housing and infrastructure, because of their limited access to resources and isolated location.

544. Another Board member said that the objective of the project to reimburse debt payments received from international sources represented a new and innovative approach which should be treated as an experiment from which lessons could be learned. The same Board member said that the role of the Province of Buenos Aires, as a regional entity that had received multilateral funds to administer a regional adaptation project, could also serve as a positive example for other regions.

545. A CSO active observer noted with satisfaction that FP057 was the second funding proposal that had been submitted under the RFP for EDA and said that it corresponded exactly with the intention of the EDA initiative to devolve decision-making to subnational and local entities, and offered an opportunity for the GCF to exercise the higher end of its risk appetite. The observer welcomed the proposal's focus on indigenous communities and 'family'-scale agriculture geared towards agroecology. Nonetheless, they requested more explicit assurance in the proposal that the required multi-stakeholder engagement, including with indigenous peoples, would take place. Also, while welcoming that UCAR, as the focal point of the AE, would include two representatives of indigenous peoples' communities (one man and one woman), they noted that the proposed selection process for those representatives was not clear, and recommended that the process should respect the self-selection processes of indigenous peoples. Lastly, the observer noted that they would submit to the Secretariat in writing a number of further specific recommendations on effective engagement with indigenous peoples.

546. The Co-Chairs invited the Secretariat to respond to the concerns raised.

547. A representative of the Secretariat said that the proposal matched the design and TOR of the RFP for EDA as adopted by the Board; moreover, the logic of action was coherent and built upon the knowledge of the beneficiaries. The proposal outlined the criteria for the subprojects, which were essentially aligned with the investment criteria of the GCF; the covenant proposed by the independent TAP to develop an operations manual offered further strengthening of that aspect of the project, because the manual would form the basis on which the committee to be formed under the project would make its financing decisions. The overall EDA approach, if well delivered, could support behavioural change; in the case of FP057, it could also truly empower local institutions in terms of managing climate finance.

548. A representative of the AE took note of the comments and acknowledged that the approach proposed in FP057 was a challenging one, especially given that EDA required a comprehensive stakeholder-driven and programmatic approach; this was what set the proposal apart from other projects. They noted that the project was targeted at vulnerable and dispersed rural communities, which also added to the costs of delivery. The approach of the project was based on participatory processes and enhanced local ownership, which represented a paradigm shift compared with the approach used in other comparable initiatives. UCAR was not only eligible for such projects but also had the necessary implementing capacity based on its experience; the direct relationships that UCAR maintained with small communities represented an opportunity to work with those communities to allow them to take independent decisions on their own climate action.

549. A representative of the TAP said that the added value of the proposal came from the fact that it was a pilot aimed at mainstreaming climate change into rural development processes; the idea was to eventually scale it up to result in territorial-scale climate action. One year into implementation, there would be five climate change plans which would need to be financed; to avoid a situation where the plans could not be financed the TAP had recommended covenants to allow for forward planning, with a view to arriving at a point where financing was provided by the Government of Argentina, including through co-financing with local authorities and other local entities. The TAP was of the view that FP057, with the conditions recommended, represented a valuable project.

550. The Co-Chairs took note of the comments and asked whether the Board wished to approve FP057 based on the explanations provided.

551. A Board member thanked the Secretariat, the TAP and the AE for their clarifications and said that after extensive consideration and consultation with the relevant parties, their position had not changed; they were still not prepared to approve the funding proposal.

552. The Co-Chairs took note of the Board member's comments and suspended the discussion on FP057.

553. The Co-Chairs reopened the discussion on the final day of the meeting and asked if the Board had reached consensus on whether it could approve FP057.

554. A Board member stated that they were unable to join the consensus for the reasons stated earlier in the meeting.

555. Another Board member expressed disappointment that consensus had not been achieved and underlined the need to establish a procedure to follow for funding proposals that did not secure Board approval. They also noted with satisfaction that progress was being made towards the establishment of a two-stage approval process, and underlined the need to treat all funding proposals on an equal footing. The Board member proposed that FP057 be considered again once the issues raised had been addressed.

556. The Co-Chairs said the proponents were welcome to work on the proposal and resubmit it for consideration by the Board at a later date.

557. A Board member expressed unease that the funding proposal had not been approved and said that FP057 had all the necessary merits for approval within the decision-making framework of the GCF, noting that reasons from outside that framework were not acceptable justification for withholding approval.

558. Another Board member expressed disappointment that the proposal had not been approved, particularly in view of the fact that FP057 had originated from the RFP from DAEs under the EDA modality, the aim of which had been to direct support towards exactly the type of rural areas and communities that were included in the target population of FP057. While expressing respect for the positions adopted by other Board members, the Board member said that the risks entailed by FP057 were small and justified. Highlighting that similar funding proposals had been approved without being subjected to the same conditions as this proposal, they expressed concern that other potential project proponents could be deterred from applying to the GCF as a result of the present situation.

559. A further Board member acknowledged the existing policy gaps while also noting the Board's continued delay in addressing them, and affirmed that their own approach to the issues at hand had been consistent for at least the previous 18 months. They endorsed the suggestion to resolve the pending policy issues as swiftly as possible and reiterated their suggestion, as voiced at previous Board meetings, to establish a voting procedure on funding proposals.

560. The Co-Chairs took note of the comments and acknowledged the urgent need to establish a procedure for Board decision-making in the absence of consensus.

561. The discussion on FP057 was closed.

Funding proposal 058 (FP058): Responding to the increasing risk of drought: building gender-responsive resilience of the most vulnerable communities (Ministry of Finance and Economic Cooperation of the Federal Democratic Republic of Ethiopia)

562. The Co-Chairs opened the sub-item FP058.

563. A representative of the Secretariat introduced FP058, with a brief presentation of Ethiopia's climate vulnerabilities, objective and main activities of the project, which would increase resilience of vulnerable communities to climate change through improved water supply and management, as well as its benefits and cost.

564. The Co-Chairs opened the floor for comments.

General remarks

565. Board members expressed clear support for the proposal from the DAE and expressed thanks to the TAP for their positive review. Board members who had not been able to support the earlier proposal from the AE at B. 16 highlighted important improvements which had been made, while those Board members who had originally stated their approval, likewise commended the new proposal. Several Board members acknowledged the leadership role played by the Government of Ethiopia in green and climate-compatible growth planning. The Ministry of Finance and Economic Cooperation of the Federal Democratic Republic of Ethiopia, (MOFEC) and the Secretariat were commended for their work in developing the revised proposal. One Board member welcomed Ethiopia's institutional capacity to manage this project and that there were other initiatives which would complement it.

566. Several Board members highlighted the value of asking AEs to take proposals back where issues were identified by the GCF so that they could return with an improved proposal.

567. One Board member said that this case highlighted the role of the Board, which had a responsibility to maximize mitigation and adaptation outcomes for the funds provided by the GCF. The Board also had a responsibility both to the GCF financial contributors and beneficiaries. In this regard, it was important that the Board clarified the principles that applied to the assessment of proposals and to that end they wished to see future work on concessionality and indicative minimum benchmarks. This would make it easier to achieve higher quality proposals and to prioritize those received.

568. The Co-Chairs welcomed the observations from a new member to the Board who took the opportunity to make general comments on the portfolio and noted that the Board had sought to address policy matters at B.17. The Board would address these further at B.19.

569. In terms of specific comments, a Board member stated that the new proposal demonstrated strong integration and would serve Ethiopia better and was a better use of GCF resources. At the same time, the proposal could have been further improved with more details. However, this weakness could be dealt with at the project implementation stage and was also covered by a condition added by the TAP. One Board member, who had supported the earlier proposal, noted that some elements in the new proposal had been reduced and modified, such as rangeland management and agroforestry, but that the project was in the right kind of shape to be implemented. They noted that one of the positive points was the attention to enabling frameworks at a local level; other proponents of proposals on mitigation could learn from that example. Echoing the previous Board member in terms of positive elements of the proposal, another Board member highlighted that the impact of this project would be to increase climate resilience. At the same time, it was good to see gender and sustainable development components. Two further Board members expressed support for the proposal as an important project for an African country, an LDC and a DAE. One of the members expressed the hope that many other LDCs would follow suit, noting also that this would directly benefit 300,000 people and indirectly more than 1 million, and that it capitalized on synergies in terms of the management of water.

Queries and other comments

570. One Board member, while supporting the proposal, stated that they had two questions regarding component 2 of the proposal:

- (a) What did the AE consider to be the root causes of land degradation in the area concerned? They noted that it was likely that, despite reforestation/afforestation of degraded land, the land would suffer degradation again in the future if the root causes were not addressed; and
- (b) With a very strong level of community participation and consultation - what motivation and incentives would be provided to make such engagement sustainable?

571. Another Board member recommended that the DAE strengthen the gender component by involving the Ministry of Women, Children and Youth Affairs.

Observers

572. A CSO active observer said that the proposal aimed to respond to the risk of drought by building the gender-responsive resilience of the most vulnerable communities with a focus on a 50 per cent participation of women in community implementing groups. Despite this, the project made no mention of a gender-responsive technology needs assessment undertaken to inform, for example, the use of technologies that women would prefer. Technologies employed must take into consideration differentiated technology needs and roles for men and women.

573. Furthermore, the observer stated that resilience-building required extensive stakeholder engagement. However, the proposal document provided limited information on stakeholder consultations undertaken and on whether important beneficiary groups, such as smallholder farmers, were included. Although the proposal indicated that a demand-driven bottom-up approach was followed when developing the project, there was no evidence of community participation during the proposal development process for the identification of approaches to be adopted to enhance resilience. For this and other projects it would be good if, in future, the Secretariat could publish all annexes related to stakeholder engagement.

574. Finally, they expressed concern that climate-smart agriculture was highlighted as contributing to both adaptation and mitigation. They noted that climate-smart agriculture did not include any criteria to define what could or could not be called “climate smart”, and thus practices could be included that were inconsistent with achieving true sustainability. The observer stated support for the intervention by the Board member from Egypt that references to climate-smart agriculture should be changed in all current proposals. Furthermore, this term should not be used in future proposals, which should instead be as specific as possible about what agricultural practices and technologies will be supported.

Response from the Secretariat

575. The representative of the Secretariat stated that environmental and social safeguards documents were already published online and they were looking at publishing annexes in the future. In addition, there was also a decision in B.17 mandating the publishing of concept notes.

Response from the accredited entity

576. Regarding land degradation, a representative of the AE stated that there were multiple causes. Based on the analysis of the AE and a feasibility study, climate change was the main driver. The project interlinked components in a holistic way; land degradation activities were related to water supply for communities affected by climate change.

577. With respect to incentives for community participation they recognized that the two components were strongly linked, so those that benefited from component 1 would also benefit from component 2 activities. From previous experience this approach had proved to be successful.

578. As to the question on gender, the representative confirmed that the Ministry of Women, Children and Youth Affairs had been involved in development of the funding proposal and would be involved in the project’s implementation.

579. The Co-Chairs thanked the AE for their comments.

580. There being no objections, FP058 was approved.

581. The Board took note of document GCF/B.18/04/Rev.01 titled “Consideration of funding proposals” and its addenda Add.01 – 09, Add.10/Rev.01, Add.11 – 13, Add.14/Rev.01 – 16/Rev.01, Add.20/Rev.01, Add.21/Rev.01, Add.24/Rev.01 and Add.25/Rev.01 (general distribution); Add.17, Add.18/Rev.1 and Add.19/Rev.01 (confidential); and Add.22/Rev.01 and Add.23 (limited distribution).

582. The Board adopted the following decision:

DECISION B.18/08

The Board, having considered document GCF/B.18/04/Rev.01 titled “Consideration of funding proposals”:

- (a) Takes note of the following funding proposals:
- (i) Funding proposal 046 titled “Renewable Energy Program #1-Solar” by XacBank LLC, as contained in document GCF/B.18/04/Add.17;
 - (ii) Funding proposal 047 titled “GCF-EBRD Kazakhstan Renewables Framework” by the European Bank for Reconstruction and Development, as contained in document GCF/B.18/04/Add.18/Rev.01;
 - (iii) Funding proposal 048 titled “Low Emissions and Climate Resilient Agriculture Risk Sharing Facility” by the Inter-American Development Bank, as contained in document GCF/B.18/04/Add.19/Rev.01;
 - (iv) Funding proposal 049 titled “Building the climate resilience of food insecure smallholder farmers through integrated management of climate risks (the R4 Rural Resilience Initiative)” by the World Food Programme, as contained in document GCF/B.18/04/Add.04 and 23;
 - (v) Funding proposal 050 titled “Bhutan for Life (BfL)” by the World Wildlife Fund Inc., as contained in document GCF/B.18/04/Add.05 and 23;
 - (vi) Funding proposal 051 titled “Scaling-up investment in low-carbon public buildings” by the United Nations Development Programme, as contained in document GCF/B.18/04/Add.06 and 23;
 - (vii) Funding proposal 052 titled “Sustainable and climate resilient connectivity for Nauru” by the Asian Development Bank, as contained in document GCF/B.18/04/Add.07 and 23;
 - (viii) Funding proposal 053 titled “Enhancing climate change adaptation in the north coast and Nile Delta regions in Egypt” by the United Nations Development Programme, as contained in document GCF/B.18/04/Add.08 and 23;
 - (ix) Funding proposal 054 titled “Implementation project of the integral management plan of the Lujan River Basin” by the Corporación Andina de Fomento, as contained in document GCF/B.18/04/Add.09 and 23;
 - (x) Funding proposal 055 titled “Poverty, Reforestation, Energy and Climate Change (PROEZA Project)” by the Food and Agriculture Organization of the United Nations, as contained in document GCF/B.18/04/Add.10/Rev.01 and 23;
 - (xi) Funding proposal 056 titled “Scaling up climate resilient water management practices for vulnerable communities in La Mojana” by the United Nations Development Programme, as contained in document GCF/B.18/04/Add.11 and 23;
 - (xii) Funding proposal 057 titled “Climate Action for Rural Development: community-based adaptation and mitigation in Argentina” by the Unidad Para el Cambio Rural (Unit for Rural Change, UCAR), as contained in document GCF/B.18/04/Add.12 and 23;
 - (xiii) Funding proposal 058 titled “Responding to the increasing risk of drought: building gender-responsive resilience of the most vulnerable communities” by the Ministry of Finance and Economic Cooperation of the Federal Democratic Republic of Ethiopia, as contained in document GCF/B.18/04/Add.13 and 23;
- (b) Also takes note that, in relation to funding proposal 048, the accredited entity has changed the name of the proposal from “Climate-Smart Agriculture (CSA) Risk Sharing Facility for

MSMEs” to “Low Emissions and Climate Resilient Agriculture Risk Sharing Facility”; therefore, all references to “Climate-Smart Agriculture (CSA) Risk Sharing Facility for MSMEs” stated in the funding proposal and its annexes, as well as in the relevant assessments made by the Secretariat and the independent Technical Advisory Panel, shall be read as “Low Emissions and Climate Resilient Agriculture Risk Sharing Facility”;

- (c) Approves funding proposal 046 for the amount of USD 8,650,050, submitted by the XacBank LLC, subject to the conditions set out in annex XIII and in the respective term sheet set out in document GCF/B.18/04/Add.17;
- (d) Also approves funding proposal 047 for the amount of USD 110,000,000, submitted by the European Bank for Reconstruction and Development, subject to the conditions set out in annex XIII and in the respective term sheet set out in document GCF/B.18/04/Add.18/Rev.01;
- (e) Further approves funding proposal 048 for the amount of USD 20,000,000, submitted by the Inter-American Development Bank, subject to the conditions set out in annex XIII and in the respective term sheet set out in document GCF/B.18/04/Add.19/Rev.01;
- (f) Approves funding proposal 049 for the amount of USD 9,983,521, submitted by the World Food Programme, subject to the conditions set out in annex XIII and in the respective term sheet set out in document GCF/B.18/04/Add.23;
- (g) Also approves funding proposal 050 for the amount of USD 26,557,354, submitted by the World Wildlife Fund Inc., subject to the conditions set out in annex XIII and in the respective term sheet set out in document GCF/B.18/04/Add.23;
- (h) Further approves funding proposal 051 for the amount of USD 17,346,000, submitted by United Nations Development Programme, subject to the conditions set out in annex XIII and in the respective term sheet set out in document GCF/B.18/04/Add.23;
- (i) Approves funding proposal 052 for the amount of USD 26,910,000, submitted by the Asian Development Bank, subject to the conditions set out in annex XIII and in the respective term sheet set out in document GCF/B.18/04/Add.23;
- (j) Also approves funding proposal 053 for the amount of USD 31,385,000, submitted by the United Nations Development Programme, subject to the conditions set out in annex XIII and in the respective term sheet set out in document GCF/B.18/04/Add.23;
- (k) Further approves funding proposal 054 for the amount of USD 58,528,147, submitted by the Corporación Andina de Fomento, subject to the conditions set out in annex XIII and in the respective term sheet set out in document GCF/B.18/04/Add.23;
- (l) Also approves funding proposal 056 for the amount of USD 38,496,000, submitted by the United Nations Development Programme, subject to the conditions set out in annex XIII and in the respective term sheet set out in document GCF/B.18/04/Add.23;
- (m) Approves funding proposal 058 for the amount of USD 45,002,759, submitted by the Ministry of Finance and Economic Cooperation of the Federal Democratic Republic of Ethiopia, subject to the conditions set out in annex XIII and in the respective term sheet set out in document GCF/B.18/04/Add.23;
- (n) Decides that there was no consensus to approve funding proposal 055;
- (o) Also decides that there was no consensus to approve funding proposal 057;
- (p) Reaffirms that pursuant to annex IV to decision B.17/09, the Executive Director or his designee is authorized to negotiate and enter into legal agreements on behalf of the GCF with accredited entities and other parties involved in respect of funding proposals

approved by the Board, taking into account any condition approved by the Board in this decision and in the decision accrediting the relevant accredited entity; and

- (q) *Authorizes the Secretariat to disburse fees for each funded project/programme approved by the Board as per the disbursement schedule to be agreed in the funded activity agreement in accordance with the interim policy on fees for accredited entities adopted by the Board pursuant to decision B.11/10.*

Agenda item 15: Selection of the Permanent Trustee

583. The Co-Chairs opened the item and introduced limited distribution document GCF/B.18/19 titled “Report on Activities of the Ad-hoc Trustee Selection Committee”.

584. They invited the chair of the ad hoc Trustee Selection Committee to introduce the Committee’s report.

585. The chair, Mr. Zaheer Fakir, said that they had made tremendous progress in preparing the selection process and the TOR for the Permanent Trustee (PT). Mr. Fakir thanked all members of the Committee and provided a detailed summary as follows:

Terms of reference

586. Regarding the TOR, they had discussed and agreed on the functions, duties and criteria of the PT. In doing so they had looked at elements such as appropriate credit rating, applicability of privileges and immunities, ability to receive and disburse funds from all GCF stakeholders, meeting legal and institutional requirements of contributors, providing appropriate services to the GCF, appropriate experience in managing assets of a multibillion dollar fund, track record reliability and flexibility, the ability to receive contributions from a multitude of differing instruments/methods (cash, loan, etc.), and compliance with GCF policies.

587. Subsequently, the Committee was informed of any legal requirements or institutional constraints which might arise in relation to the selection of the institution that would serve as the PT and the ability to contribute through a trustee. The responses received were contained in annex to the document GCF/B.18/19.

588. The Committee had also deliberated, based on the information received, on how to accommodate those institutions whose policies/practices did not allow them to compete with private sector institutions. It had agreed in its recommendation that private sector entities be excluded from bidding for the role of the PT.

Selection process

589. Regarding the selection process, the Committee had discussed the options related to procurement methods. Procurement methods in the GCF provided for a range of ways to ensure a competitive bidding process, as captured in decision B.08/21, annex XXIX, namely: (a) an open international competitive bidding process; and (b) other methods of procurement.

590. In terms of the selection process, they had reached convergence as follows: (a) on the issue of publishing an advertisement on the GCF website as well as issuing a public advertisement for the trustee role in international media outlets; (b) the outreach process which should be cost-effective and target a limited number of international media outlets to ensure the desired target audience was reached; (c) limiting announcements to address public international financial institutions (PIFIs) only; (d) making information accessible to potential bidders in a generic way, regarding the institutional requirements of the contributors, should it

be requested; and (e) targeting only PIFs and making this publicly known, thereby eliminating private sector financial institutions.

Non-consensus

591. There was one item with no consensus. This concerned whether or not the interim Trustee (IT) should be automatically considered to be an applicant. There had been various views presented on this matter but every member of the ad-hoc Committee had the best outcome for GCF as their number one priority.

Three scenarios

592. The Committee had identified three scenarios.

1. **Advert to bid only:** Only consider bids for evaluation received from bidders reacting to the advert. The IT would not automatically be considered as an applicant but it would be their prerogative to submit an application;
2. **Advert and invitation from Secretariat to bid:** Only consider applications for evaluation received from applicants reacting to the advert and reacting to the Secretariat's invitation to bid. Additional to the advert the Secretariat would also invite all PIFs to bid. The IT would not automatically be considered an applicant but it would be their prerogative to submit a bid based on the advert or the invitation; and
3. **Advert and automatic inclusion of the IT as an applicant:** Only consider bids for evaluation received from bidders reacting to the advert and a bid from the IT as an automatic bidder.

593. The chair noted that there may also be other variations. However, the Committee suggested that the Board may wish to discuss the following points:

- (a) By automatically considering the IT as a bidder would they still be required to submit a bid like any other bidder?
- (b) If the IT did not submit a bid, would the Committee base its evaluation purely on whether they met all the requirements of the TOR on the assumption that because they were the IT, de facto they met all the requirements?
- (c) If the IT was considered to meet all the TOR's requirements based on the initial assumptions of the GCF, how would the IT be evaluated in relation to other bidders who had submitted a bid and met all the TOR requirements? The chair noted that it was unclear whether the IT intended to refrain from submitting a bid but would consider an invitation to be the PT i.e. without requiring them to participate in an open, fair, transparent and competitive bidding process.
- (d) Finally, would this type of approach be viewed by the international community as independent, and by the COP as an open, fair and transparent competitive process?

594. While the above-mentioned matters remained unresolved, the report presented to the Board on the activities of the Committee contained the draft TOR for the PT. The Committee was now seeking guidance on this one remaining issue.

595. The Co-Chairs thanked the chair of the ad hoc Trustee Selection Committee and the Committee members for their work, summarized their key conclusions and sought a clarification regarding whether the IT had indicated a formal position on whether they wanted to participate in an open and transparent bidding process.

596. The Chair confirmed that no formal position had been indicated by the IT.

Discussion

597. The Co-Chairs informed Board members that the issue before them was whether the candidacy of the IT should be considered to be automatic or not.

598. An alternate member stated that the proposal of the three co-facilitators of the Transition Committee of the GCF, which prepared the proposal to COP 17 in Durban, contained a plan to evaluate the IT. On the basis of that evaluation, if positive, the IT would become the PT. This proposal was not accepted by the COP, so was sent to the Ad Hoc Working Group on Long-term Cooperative Action under the Convention (AWG-LCA). The AWG-LCA was unable to reach a conclusion so the developed country constituency designated the United States to negotiate a solution with developing countries. From the developing country constituency, the 'G77 plus China' chose Nicaragua. The alternate member said that they had negotiated with the United States Department of the Treasury, and reached a conclusion: an interim appointment as being the sole source was justified because the criteria permitted this if:

- (a) It involved a new/first start-up/time urgent type of organization;
- (b) It was an emergency;
- (c) There was only one supplier;
- (d) There was a market failure or there were adverse market conditions; and
- (e) The first two conditions were met and justified.

599. It was concluded that it was not justified for the IT to automatically become the PT, subject to evaluation. The process needed to be competitive, and should not be sole-sourced. The AWG-LCA also agreed. The COP approved the decision.

600. The alternate member said that the Board should maintain a free, open and competitive process. Other potential applicants may be deterred by a perception that the situation was already stacked in favour of the incumbent Trustee. It would be a disadvantage to have two procedures; one for the IT and one for others. There should be no issue for the IT in being asked to submit an application. The rules should be the same for everyone.

601. The Co-Chairs thanked the alternate member and asked if there were further comments.

602. A Board member thanked the Committee for their work. They acknowledged that this was a difficult issue and the positions of different parties were well known. They also stated that the historical summary by the alternate member had been useful. Resolving this issue was essential to the credibility of the GCF. In terms of practical considerations, they requested that the Secretariat clarify how long it would take them to complete the process and finalize the contract once the Board had decided on the process and TOR.

603. The Co-Chairs asked the Secretariat to clarify. If the Board decided on scenario three, for example – an open bidding process with automatic inclusion of the IT – would there be sufficient time to develop the bidding details and other matters before the current contract expired?

604. A representative of the Secretariat stated that if the TOR were approved by the Board and the advert published it would take about three months to conclude the process. If this process was successful, it would mean the GCF was on time because the deadline, in terms of the expiry of the IT's contract, was April 2018. If the process was not successful, it would be necessary to initiate a new process which would take another 2–3 months. A handover to a

different institution would take not less than 2 months, whereas an extension of the existing IT arrangement would take 2 weeks.

605. Another Board member stated support for the TOR. They also asked the Board to consider a contingency plan. If the selection process discussion continued and was then followed by the bidding process, there was a high probability that the Board might not meet the 2018 deadline. It would be of the utmost importance that there be no gap in having a functioning Trustee.

606. The Co-Chairs said that hopefully the Board would reach a decision so that a contingency was not needed.

607. A member of the ad hoc Trustee Selection Committee, thanked the chair and expressed pleasure in serving on the Committee. They sought clarification from the Secretariat on the two weeks for completion of an extension.

608. The representative of the Secretariat said that the two weeks were for the extension of the contract of the existing IT.

609. The Board member who had provided an overview of the history of this matter stated that there was no reason a decision could not be taken now. The Board would be in dereliction of its duty if it did not, as there was a clear mandate from the COP.

610. The Co-Chairs asked Board members to clarify any reasons for reluctance to adopt scenario three. Would this scenario be violating guidelines in terms of an open, transparent and competitive process?

611. The Board member who had provided an overview of the history of this matter stated that if different criteria were being applied it was not a level playing field. If done by invitation, then it should be an invitation to everyone on an equal basis. By way of illustration, they said that if they managed a bank and saw an IT getting 'a free pass' to a shortlist they would not apply. They noted that incumbency brought intrinsic advantages.

612. This view was supported by another Board member who said they had a preference for the second scenario, if not the first. They did not support the third, which would show preference to the IT.

613. The chair of the Committee said that they would not enter into the discussion in their role as chair. However, they wished to clarify that the Committee was recommending that each PIFI would be subject to the same evaluation, irrespective of scenario chosen by the Board. The question was how to form the applicant pool.

614. Another Board member stated that, while not expressing their final position, they were attracted by the idea of not considering only the World Bank as a de-facto candidate, but considering all PIFIs as de-facto candidates. The Board needed to consider the possibility that one or more of them may not want to be de-facto candidates; they would be able to remove themselves from bidding in that case. As to the purpose of candidacy, it served two objectives: (a) to determine whether the institution was interested and willing; and (b) to obtain information. The way the information was obtained was through the submission of materials to the Secretariat. While the World Bank was not willing to submit a formal bid, they were willing to provide whatever information the Secretariat might request. This approach would mean that all interested PIFIs would provide information on their qualifications in line with the TOR.

615. A Board member noted that in addition to an open/transparent/competitive principle, another principle which was very important was to ensure that the service provided by the PT was not inferior to that provided by the IT. As a public fund, the perspective of taxpayers was very important. GCF should consider the criteria of past record on how well the Fund had been managed; this was the rationale behind scenario three.

616. The Co-Chairs concurred with this view that the Board required a PT of the same standard or higher than the current IT.
617. Another member of the Committee stated that the recommendation to limit the call for bids only to PIFIs had been a big compromise in an open, transparent process. It would not be appropriate to revise an approach simply because a financial institution did not want to bid; the Board should not make such a concession. The Board was the supreme body of the GCF, and that needed to be maintained and respected. This sentiment was echoed by another Board member.
618. The Board member who had provided an overview of the history of this matter stated that the suggestion regarding an invitation to PIFIs was a good one; there was already a consensus that it should be a PIFI. It made sense to have an approach which combined an invitation list, and an announcement for those that may not be on the list to enable them to apply. Those receiving an invitation could have a deadline to reply to the invitation.
619. Another Board member expressed support for this approach and requested that language be developed in a draft decision. The Co-Chairs stated that language needed to protect the GCF from any attacks on its reputation. A Board member reminded the Board that how this was communicated to the COP was very important.
620. The Co-Chairs requested the Secretariat to draft language and suspended the item.
621. Later on the final day, the item was reopened. The Co-Chairs stated that there was no consensus on the selection process and as such there was the option to extend the contract of the IT.
622. They invited the General Counsel ad interim, Mr. Raul Herrera, to take the floor.
623. Mr. Raul Herrera presented the draft decision.
624. The Co-Chairs opened the floor.
625. A Board member stated that the draft decision was not acceptable and did not reflect the report of the ad hoc Trustee Selection Committee. They noted that because of the Board's inability to take a decision it was now proposed to extend the IT's contract immediately by 24 months; to jump from the present situation to 24 months was excessive. Furthermore, this decision would send the wrong message to the international community about the GCF. They requested that the Committee meet again, agree on a draft and circulate it intersessionally under the leadership of the Co-Chairs, who would remain in office until the end of the year.
626. A Committee member recalled that the decision stated, '24 months or until such time as a PT was appointed' (i.e. it was up to 24 months); the intention was to provide breathing space.
627. The Co-Chairs asked if the Committee was prepared to continue its work.
628. The Committee member above said they had already completed their deliberations.
629. Another Board member requested clarification about whether this would be dealt with as a decision taken between meetings.
630. The Co-Chairs confirmed that they would address the issue and prepare a decision on the selection of the permanent trustee between meetings for consideration by the Board. The Co-Chairs then closed the item.
631. The Board took note of the limited distribution document GCF/B.18/19 titled "Report on Activities of the Ad-hoc Trustee Selection Committee".
632. No decision was taken under this agenda item.

Agenda item 16: Matters related to the first formal replenishment period

633. The Co-Chairs opened the agenda item and provided an introduction.

634. They reminded Board members that there had been several past decisions on this topic, including B.07/17 which addressed the preparation of policies and procedures to trigger the first formal replenishment meeting. Decision B.08/13 contained the trigger for the first replenishment period. At B.11, the Secretariat presented document B.11/08 titled “Arrangements for the first formal replenishment of the Green Climate Fund”. Matters raised during Board discussions included the trigger, the timing, participants and targets; no decision had been adopted.

635. In decision B.12/09 the Board invited the Co-Chairs to consult further and report progress to the Board. The Co-Chairs had circulated a set of questions building on the discussion at B.11 to provide further guidance. At the fourteenth meeting of the Board, they had reported that these consultations were still ongoing and needed more time. At the fifteenth meeting of the Board, the Co-Chairs were further mandated to continue consultations. The Co-Chairs now sought further guidance from the Board on how to proceed.

636. The proposal for the Board to consider was: (a) that the Board request the Secretariat to prepare a paper related to the first replenishment process for consideration by the Board at B.19; and (b) that the Board would request the Co-Chairs to continue deliberations on the matter of the trigger amount.

637. They opened the floor for comments.

638. An alternate member stated there was a view among several prominent scientists that there was a 66 per cent chance of achieving the Paris Agreement objective of limiting global temperature increases to 2 degrees Celsius and a 50 per cent chance to achieve the objective of 1.5 degrees Celsius (i.e. to reduce emissions of CO₂ eq by half for each decade from 2020 to 2050). This required huge volumes of financing. They stated that one of the best targets for private sector sources was the USD 6.7 trillion in ‘idle corporate cash’ (i.e. corporations listed on leading stock exchanges with major cash ledgers). Nicaragua had been in discussion with the Organisation for Economic Cooperation and Development (OECD) and World Bank (WB) regarding the use of AAA bonds from the WB and others to soak up some of these funds as investments for the corporations. These funds should be allocated to GCF, to the GEF, and the Adaptation Fund. By using existing structures, it would be possible to move fast to limit emissions of CO₂, in order to limit global temperature increases to 2 or 1.5 degrees Celsius. The Board member said that the OECD stated there were three reasons why this would be of major benefit: (a) it would stimulate the world economy; (b) it would contribute to reducing inequality; and (c) it would provide urgent investment in mitigation, adaptation and sustainable infrastructure and loss and damage with adaptation. Said Board member suggested that the proposal include this and other possibilities for mobilizing private sector funds.

639. The Co-Chairs thanked the Board member for their intervention and asked Board members if they wished the Secretariat to prepare a proposal for B.19.

Discussion

640. A Board member said that they would support the drafting of a decision, provided that the Board agreed a clear TOR for the Secretariat’s paper. Said TOR could be prepared and circulated as a decision taken between meetings. This view was supported by the Co-Chairs.

641. In the ensuing discussion, another Board member sought clarification on what exactly was being proposed for B.19. They noted that they would be unable to support a decision which suggested that the replenishment negotiations would be initiated at B.19. If, however, the idea was to keep track of available funding, this was acceptable. This point was echoed by another Board member who supported the Co-Chairs' suggestion that the Secretariat develop an initial proposal on the possible way forward. It was their understanding that there was no expectation to start the replenishment process at B.19; the focus was on developing next steps. There were many political considerations which would affect the timing of the commencement of replenishment negotiations themselves.

642. A third Board member stated that if the trigger were not reached, the Board would not be able to discuss replenishment. A fourth Board member referred the Board to the 2018 work plan which provided for a presentation of policies and procedures for the formal replenishment process at B.19. While supporting the Co-Chairs' proposal, another Board member, sought clarification on the replenishment trigger. They noted that since the Board had taken its decision on the replenishment trigger, circumstances had changed. For example, the GCF could now face losses due to fluctuations of the exchange rate and uncertainties in encashment of some contributions. How would these factors impact the trigger for replenishment?

643. The Board member who had opposed beginning replenishment negotiations at B.19 stated that they would support the Secretariat in preparing a technical paper on the availability of funding for GCF to do its work. They preferred not to have the words 'replenishment' or 'trigger' in the framing of the document as it was premature to begin a discussion on replenishment. This TOR could be considered as a decision taken between meetings.

644. Another Board member stated that the Board was not asking the Secretariat to inform the Board about the availability of funds for projects and programme activities; it was attempting to implement its mandate. At B.08 the Board had taken a decision which referenced the replenishment process, timing and the trigger. The Board was seeking to implement that decision; it was now time for the Board to start thinking about the replenishment process itself. What was needed was a base from which to move forward, including background information. Said Board member reiterated that the Board should agree a TOR for the Secretariat and the Secretariat would then prepare a document based on this. It was important that developed countries adhered to commitments made at various COPs. The GCF was established under Article 11 of the Convention as an implementing entity of one of its financial mechanisms (UNFCCC) and the Board was accountable to the COP. Article 11 of the Convention said that financial resources had to be determined based on country needs. At present the international community was far from this. It was the responsibility of the GCF to ensure that these commitments were implemented.

645. A further Board member expressed support for the Co-Chairs' proposal. Above all it was crucial that the Board had clarity on the availability of funds. In an earlier report from the Secretariat a figure of USD 8 billion was mentioned, the GCF website showed USD 10 billion while the interim Trustee put the figure at USD 6.6 billion. This then begged the question as to what is the trigger amount. This was crucial information for developing countries in enabling them to plan country programmes. It determined the level of ambition of the GCF. The Board member reminded the Board that, irrespective of when the replenishment was triggered, there was a process that would need to happen. What was now needed was to sketch out what would be the best approach to follow, how to embark on the process, and who would be responsible for it.

646. The Co-Chairs stated that it was not the intention at this stage to establish a process for replenishment. What was proposed was for the Secretariat to provide an assessment of GCF resources, including what funds were available, what had been disbursed, what to do next, and

how the trigger would work. The Board could then decide when to start the process of replenishment based on the information provided. Separately, as there was no consensus on a trigger, the Co-Chairs would continue to consult on this.

647. The Board member who had expressed their opposition to any commencement of the replenishment process at B.19, stated that they supported the approach as summarized by the Co-Chairs and asked to see it in writing.

Secretariat response

648. The Deputy Executive Director ad interim confirmed that the Secretariat had captured the Board's comments and suggested that the Board may wish to consider requesting the Secretariat to provide a technical analysis at B.19. This would include the status of resources, cash availability, commitment authority, foreign exchange implications and cash flow projections.

649. The Co-Chairs also stated that the draft decision would include reference to the preparation and adoption of a TOR for the Secretariat as a decision taken between meetings.

650. The Board member who had requested that the Board develop a TOR for the Secretariat expressed support for the technical analysis as described by the Deputy Executive Director ad interim. This would help the Board to agree on what baseline should be used for the 60 per cent trigger. They wished to avoid having a committee draft the TOR because of the sensitivity surrounding this issue, while providing clear guidance to the Secretariat; this should be prominent in the decision.

651. The Co-Chairs confirmed that this would be included in the draft decision and adjourned the item.

652. The item was not reopened.

653. No decision was taken under this agenda item.

Agenda item 17: Readiness and Preparatory Support Programme

654. The Co-Chairs opened the agenda item and drew the attention of the Board to document B.18/07 titled "Readiness and Preparatory Support Programme: progress report". They warmly welcomed the newly appointed Director of the Country Programming Division (CPD), Mr. Pa Ousman Jarju, to the GCF and invited him to take the floor to introduce the document.

655. Mr. Jarju indicated that the presentation would be made jointly with the Head of PMU, Mr. Sohail Malik.

656. Mr. Jarju began by providing an overview of the status of the implementation of the Readiness and Preparatory Support Programme (the Readiness Programme), including the number and value of requests submitted by countries to date, and the status of disbursements. The CPD Director highlighted the results achieved since B.17 and outlined areas for further improvements to the programme.

657. The Head of PMU gave an overview of the monitoring process of the Readiness Programme portfolio, including implementation progress following the first disbursements. Mr. Malik also briefed about the operational capacity of PMU, and its work on revising and standardizing reporting templates and addressing policy gaps. The CPD Director then outlined the status of implementation of the various activities, and highlighted the challenges faced and remedies proposed by PMU in collaboration with CPD; those remedies included the development of policies to address issues such as requests for grant extension, cancellation

and/or revision. The Director also highlighted further work that would be undertaken to strengthen the monitoring of activities implemented under the Programme and improve the quality of delivery.

658. In concluding the presentation, the CPD Director presented an outlook of the future development of the Readiness Programme and provided financial information, indicating a budgetary gap for 2017, and proposed an estimated budget for 2018. The Director requested the Board to adopt the draft decision contained in document B.18/07 to approve the allocation of additional resources to the readiness budget for 2017 and 2018.

659. The Co-Chairs thanked the speakers for their presentation and opened the floor for comments.

General comments

660. Board members welcomed the new Director of CPD, expressed satisfaction at the progress achieved during the reporting period, and pledged support for the Director in his continued efforts to improve the Readiness Programme. A Board member noted with satisfaction the increase in the number of staff capacity within CPD.

661. Various Board members stressed the crucial role of the Readiness Programme, describing it as a strategic tool at the start of the project cycle which was designed to progressively improve funding proposals in terms of quality, value for money, paradigm shift, transformational approach and fiduciary oversight, among other factors. A Board member noted that the programme contributed to improving quality of proposals by ensuring that AEs and other stakeholders could build sufficient capacity and gain a thorough understanding of how to tailor their action towards the objectives of the GCF.

Comments on the report

662. A Board member noted with concern that no information had been provided in the report on country programmes, country briefs, or the work plans and entity work programmes of AEs, and requested that future reports include such information; they also noted that only three country programmes had been officially submitted to the Secretariat and asked how the other country programmes had been verified and overseen. They further noted that the UNFCCC had an information platform providing information on NDAs and national adaptation programmes of action, and asked whether the Secretariat had consulted it so as to review the needs of countries and estimate the time it would take to address them. Two Board members requested further clarification from the Secretariat on the value of the regional structured dialogues, and in particular how feedback from the structured dialogues was incorporated into the readiness pipeline.

663. A Board member commended the Secretariat on its efforts to promote complementarity and coherence by coordinating with other Funds, and highlighted that the national adaptation plan (NAP) process was a clear area where such a collaborative approach would be beneficial.

Comments on the Readiness Programme

664. A Board member said that the Readiness Programme had been conceived, not as a generic capacity-building programme, but to address the specific need for financing to ensure that good-quality proposals could be submitted to the GCF. Another Board member said that the Readiness Programme was valuable not only in the context of projects financed by GCF, but also in the wider scope of climate action.

665. Another Board member noted that the Readiness Programme had been the first programme to be established by the GCF, and expressed concern that, despite its long standing, rates of disbursement remained low.

666. A further Board member expressed concern over the length and bureaucratic nature of the readiness application process and asked the Secretariat to clarify the average time taken between the submission of a readiness proposal and disbursement of the relevant funds.

Request for funding

667. While some Board members endorsed the request for funding as stated in the document, others expressed doubts; one questioned whether the full amount requested was required, and several others said that, in view of the large amount of readiness funding requested, the release of funds should be contingent upon the completion by the IEU of the independent evaluation of the Readiness and Preparatory Support Programme, which was due for submission to the Board at its twenty-first meeting, in line with Board decision B.17/07; some added that the release of funds should be contingent on the implementation of the recommendations of the evaluation.

668. A Board member said that they were prepared to approve the request for USD 50.72 million to cover the remainder of 2017 but were not willing to approve the USD 140 million requested for 2018 until the necessary evaluation and audit of the Readiness Programme had been carried out by the IEU.

669. Another Board member expressed support for the request for the full budget of USD 190.76 million and said that, based on the number of pending requests in the pipeline of the Readiness Programme, the amount of funding requested was the minimum that would be required. They highlighted that readiness funding would be used, among other outputs, to improve countries' understanding of the objectives of the GCF and avoid misunderstandings, including for example over the distinction between adaptation and development.

670. A Board member said that the large number of readiness proposals that had been submitted, and accordingly the amount of funding requested, was a direct result of the Board decision B.13/08 on NAPs to create a specific window for NAPs funding, and was therefore reasonable; they expressed surprise that with those considerations in mind, some Board members were still opposed to the approval of the requested funding.

671. While acknowledging the need to carry out the evaluation and implement its recommendations to improve future results, a Board member noted with concern that failure to approve additional funding for readiness pending completion of the evaluation would prevent the Readiness Programme from functioning in the interim; another Board member noted that that evaluation process could take up to a year, and urged the Board to devise a way forward which would allow for speedy and effective improvement to the Readiness Programme without halting its operation, pending the results of the evaluation.

672. Many Board members said that the evaluation of the Readiness Programme must be carried out without delay; to that end, several members urged swift approval of the TOR for the evaluation. A Board member urged the Board to take all measures possible now to expedite progress towards completion of the evaluation. Another Board member requested the Secretariat to clarify the status of the TOR and explain the obstacles currently preventing the TOR from being finalized.

Proposed improvements to the Readiness Programme

673. A number of Board members stressed the need to establish an adequate monitoring and reporting system for the Readiness Programme, so as to effectively assess its impact, both in

qualitative and quantitative terms; this would serve to justify the results of the funding disbursed and make subsequent improvements to the programme as appropriate. One Board member specifically requested that an audited report on readiness expenditure be conducted and issued to the Board. Another Board member suggested that the goals of readiness investment should be clearly stated and the results should be assessed against those goals; in that connection, they asked the Secretariat to explain the intended results of the requested readiness budget.

674. Two Board members stressed the need for a strategic and pragmatic approach to the Readiness Programme, to allow the GCF to respond to the specific needs of countries and allow stakeholders to optimize their engagement with the GCF; one highlighted the need to identify the strategic areas where it made sense for countries to seek GCF support, to facilitate genuinely transformational impact. Another said that the expected results should be realistically aligned with the ability of countries to deliver them, and that the GCF should avoid being overly prescriptive in its recommendations.

675. Another Board member suggested the adoption of a more automated approach to speed up readiness operational processes.

676. A Board member noted that the new Director of CPD had been in his position for only one month and expressed confidence in the Director's ability to address the issues raised by the Board under the current agenda item.

Comments from observers

677. A CSO active observer noted with satisfaction the acceleration of readiness disbursements in 2017 and welcomed the efforts made by the Secretariat to strengthen NDAs and provide support to DAEs. The observer warmly anticipated the planned evaluation of the Readiness programme by the IEU in early 2018 and reiterated their willingness to contribute the experience of civil society to the evaluation. They called on the Secretariat to strengthen the engagement of civil society in the structured dialogues and promote knowledge dissemination by communicating the results of the regional structured dialogues to a wider base of stakeholders. With regard to transparency, the observer noted with concern that, in a departure from previous practice, approved readiness proposals were no longer published on the GCF website, thus limiting the access of civil society to key information. They also called on the Secretariat to strengthen, assess and report on engagement with stakeholders, including by providing guidance to relevant stakeholders on how to get involved with readiness activities. In addition, the observer noted with concern that, according to reports from civil society, readiness guidelines were inadequate and resulted in confusion for implementing entities, which had reported that access to readiness resources appeared to be an unduly complicated, burdensome and insufficiently transparent process. In order for the Readiness programme to have full impact, those concerns must be addressed, for example by mitigating contractual issues during the implementation of readiness activities, standardizing the format of activities reports, and increasing the capacity of staff responsible for monitoring the portfolio of readiness grants under implementation.

678. A PSO active observer took note of the document and said there was a strong link to be drawn between strengthening NDAs and providing support for private sector mobilization, especially given the role that private sector entities, including small- and medium-sized enterprises (SMEs), could play in future pipeline and country programming. They recommended that the Secretariat explore opportunities for an RFP process targeting SMEs at country level, and suggested that such a process could be overseen by independent auditors so as to provide the GCF Board and Secretariat with the necessary reassurance that the process had been executed in line with the procurement policies and procedures of the relevant DAEs or

AEs. The observer also recommended that the readiness budget should include an allocation of resources to private sector entities, especially SMEs. Lastly, to optimize the available funding resources under the Readiness Programme and to leverage support from international AEs in both the public and private sectors, the observer recommended that international AEs should provide support and capacity-building to assist DAEs in the accreditation process.

679. Mr. Ousman noted the comments with appreciation and said that CPD had met with PMU to seek advice on how best to strengthen monitoring and proposal review processes to ensure they were fit for purpose, of good quality and cost-effective. He also noted that the overall length of time from submission to implementation of a readiness proposal had been reduced from between four to six months a year earlier, to an average of two months.

680. The agenda item was suspended owing to a power outage.

681. The Co-Chairs reopened the agenda item the following day.

682. Board member Mr. Omar El-Arini conveyed the sincere apologies of the host government for the power outage and noted that an official apology would be issued at the close of the meeting.

683. The Co-Chairs thanked the Board member for their comment and expressed warm appreciation for the hospitality offered by the host government. They subsequently invited Mr. Ousman to resume his comments.

684. Mr. Ousman said that the amount of funding requested was aimed at allowing the Secretariat to respond to the needs of countries, and specifically to process the large number of readiness requests received in response to the Secretariat's efforts to provide support for NAPs in line with guidance from the COP (UNFCCC decision 1/CP.16, 5/CP.17 and UNFCCC decision 1/CP.21, paragraph 46 (included in decision B.13/09 (a)). The figure of USD 50.7 million was to cover the 2017 deficit, to enable the Secretariat to approve 18 additional NAPs proposals by the end of 2017, including 7 that were ready to be approved and 11 requests that were at an advanced stage of review. The Secretariat aimed to approve 40 NAPs in 2018, hence the request for the remainder of the funding. Capacity-building was required as part of the Readiness Programme because many countries severely lacked sufficient capacity to prepare for their NAPs, and therefore the majority of requests received related to capacity-building for the development of country programmes. Regarding return on investment and projected targets, the Secretariat was acting in response to Board decisions, including B.13/32 containing a revised indicative list of supported activities, decision B.08/11 on the resource allocation framework, and decision B.06/06 providing initial guidance on parameters for the acceleration of resources during the initial phase of the Readiness Programme. The Secretariat had identified a need to adjust the Readiness Programme based on lessons learned, and had observed an increase in requests for guidance and technical assistance as well as capacity-building. The Secretariat had also identified that in countries where the NDAs were not the UNFCCC focal points, country programmes were sometimes insufficiently aligned with NDCs; the Secretariat was therefore endeavouring to bring together NDAs and UNFCCC focal points in those countries to promote a holistic approach to climate action. CPD had been coordinating with PMU to promote timely disbursement of funds, and had thus succeeded in shortening the average length of time between submission and approval of readiness requests, from between four to six months a year earlier, to two months at present, and was working to further shorten that timeline. With regard to coordination between CPD, DMA and PSF, the Secretariat was endeavouring to promote synergies and collaboration between the divisions so as to project a coherent message consistent with the objectives of the GCF, and to promote engagement with stakeholders in the effectiveness of Secretariat initiatives, including the structured dialogues. For that purpose, the work plan of the Secretariat for 2018 included cross-divisional KPIs which identified how the three operational divisions could work together, and the Secretariat planned

to target 20–30 countries as part of a pilot phase to test the effectiveness of those synergies. The overall aim was to improve the quality of proposals and the services offered by the Secretariat to AEs and countries.

685. The Co-Chairs took note of the comments and invited the Board to approve the Secretariat's request to the Board to approve a total budget of USD 190 million for the Readiness and Preparatory Support Programme.

686. Seeing no objections, they took it that the Board wished to adopt the decision to grant the requested funding to the Readiness Programme.

687. It was subsequently noted that document B.18/07 did not contain a draft decision text for adoption. A number of Board members noted with concern that the request for USD 190 million had been submitted to the Board without a formal decision text, and pointed out that the Rules of Procedure had thus not been correctly followed. Several Board members objected that they had not been given sufficient opportunity to request the floor before a decision was taken. While some Board members wished to approve the budget request, others raised questions and wished to withhold approval until those concerns had been addressed. Specifically, two Board members requested to see a written draft decision before they would consider endorsing the budget request.

688. The Co-Chairs noted that Board members had not raised objections when they had been invited to approve the request for readiness funding. Notwithstanding, in view of the lack of consensus, the Co-Chairs proposed that deliberations under the current agenda item should continue, and requested the Secretariat to draft a decision text for consideration by the Board.

689. The Secretariat presented the Board with a draft decision approving the Secretariat's request for the Board to make available USD 190 million for the execution of the Readiness and Preparatory Support Programme to close 2017 and 2018.

690. The Co-Chairs invited the Board to adopt the draft decision as presented.

691. A discussion ensued on various proposed amendments and revisions that would allow consensus among the Board to be reached on the draft decision.

692. While a number of Board members supported the request for USD 190 million, others did not. Some suggested that only a certain portion of the funding should be approved, and others proposed approval of part or all of the requested amount with the release of funds dependent on certain conditions.

693. A Board member suggested that the draft decision should be split into two parts: one taking note of the report, and another relating to the work programme of the Readiness Programme. Another Board member proposed the inclusion of a clause in the draft decision stating that the approval of funds should be contingent on the prompt execution of the planned evaluation of the Readiness Programme by the IEU.

694. Another Board member said that although some of their concerns had been addressed by the Secretariat during the intensive consultations held on the sidelines of the formal Board meeting, other matters required further discussion.

695. On a procedural note, the Co-Chairs drew the attention of the Board to paragraph 10, section 3.1, Part III of the Rules of Procedure of the Board, which states: "Each Board member will have an alternate member, with alternate members entitled to participate in the meetings of the Board only through the principal member, without the right to vote, unless they are serving as the member. During the absence of the member from all or part of a meeting of the Board, his or her alternate will serve as the member." The Co-Chairs clarified that an alternate Board member could only be given the floor if they were serving as the Board member (i.e.

while the Board member was absent from the meeting). They noted that ‘absent’ was defined as being physically outside the meeting room.

696. With regard to the discussion under the current agenda item, the Co-Chairs took note of the comments and invited the Secretariat to respond.

697. A representative of the Secretariat said that the evaluation of the Readiness Programme by the IEU would take between eight and nine months, and noted that the Secretariat also planned to carry out an initial review so as to offer a synopsis in advance of the final publication of the independent evaluation. They also clarified that the Secretariat was requesting USD 50 million to close the funding gap for 2017 (i.e. to commit the funds needed for the 18 readiness proposals that had already been submitted to the Secretariat, in addition to USD 140 million to cover the 40 readiness proposals that the Secretariat anticipated it would need to address in 2018).

698. With regard to the draft decision, a Board member said that the approval of USD 50 million of funding for NAPs should not be contingent upon the independent evaluation.

699. The Co-Chairs proposed that consultations on the draft decision should continue outside the formal Board meeting.

700. The agenda item was suspended.

701. The Co-Chairs reopened the agenda item and drew the attention of the Board to a revised version of the draft decision, which read as follows:

702. “The Board, having considered document GCF/B.18/07 titled ‘Readiness and Preparatory Support programme: progress report’:

- (a) “Notes the request for additional budget allocation for the Readiness and Preparatory Support programme for 2017 and 2018, to enable the continued processing and approval of readiness proposals, including for national adaptation planning and/or other adaptation planning processes;
- (b) “Requests the Secretariat to implement immediate measures to address the quality issues identified in the Readiness and Preparatory Support programme progress report;
- (c) “Approves that the amount of USD 50 million be made available for the execution of the Readiness and Preparatory Support Programme until the nineteenth meeting of the Board, contingent on the approval of the Terms of Reference and the initiation of the Independent Evaluation of the Readiness and Preparatory Support Programme;
- (d) “Agrees to conclude expeditiously the Terms of Reference for the Independent Evaluation of the Programme by adopting a decision therefor in between the eighteenth and nineteenth meetings of the Board, with an aim to initiate and conclude the evaluation by the twenty-first meeting of the Board, while reporting on the progress thereof at the twentieth meeting;
- (e) “Requests the Secretariat to present a revised work programme for the Readiness and Preparatory Support Programme, including a request for funding for 2018, for the Board’s consideration at its nineteenth meeting, based on an initial review by the Secretariat of the Readiness Programme and Preparatory Support Programme.”

703. They invited the Board to adopt the draft decision.

704. Further discussion ensued on potential amendments to the draft decision. A number of Board members noted with concern that unless the Secretariat’s budget request was approved, no additional readiness funding would be available until B.19 or even longer; one Board member asked whether the Secretariat had sufficient funds to meet its financial commitments

until B.19. A Board member said that NAPs proposals did not need to be part of the evaluation since very few had been submitted so far. Another said that the approval of the request for USD 50 million to cover the funding gap for 2017 should be contingent not on completion of the evaluation but on the approval of the TOR for the evaluation.

705. A Board member requested clarification on what would be covered by the requested USD 50 million to close the funding gap for 2017. Another asked whether, if the Board were to approve the request for USD 50 million, that would be the total amount of funding granted to the Readiness Programme for the remainder of 2017 and 2018, or whether the request for an additional USD 140 million for 2018 would be reconsidered by the Board at a later date.

706. A representative of the Secretariat clarified that the request for USD 50 million to close the funding gap for 2017 would be used to cover the 6 NAPs that were ready for approval, and the other 11 NAPs that were ready to be reviewed. If that funding was not secured at the current Board meeting, the Secretariat would be unable to approve any NAPs until after B.19. The remainder of the existing readiness resources for 2017 would be used to cover readiness requested not related to NAPs.

707. Several Board members emphasized the urgent need to make progress on readiness, including for NAPs in developing countries, and expressed concern that if the requested funds were not approved, the resources of the Readiness Programme would run out and its work – both on NAPs and on other types of readiness – would be halted until at least B.19; one Board member stressed that such an approach would not be logical.

708. Another Board member said that the TOR could be approved shortly as a decision taken between meetings, but not at the present meeting because a number of issues in the TOR still needed to be addressed.

709. Another said that the request for USD 140 million for 2018 did not need to be approved at the current meeting, and endorsed the suggestion to approve the request for USD 50 million to cover the remainder of 2017 at the current meeting, then subsequently adopt the TOR as a decision taken between meetings, and consider the 2018 budget at B.19.

710. The Co-Chairs invited the Secretariat to explain the consequences that would arise if no funds were approved at the current meeting.

711. A representative of the Secretariat said that if no funds were approved at the current meeting, it would send a negative signal to countries, who may hold the Board responsible for blocking the release of funding, and accordingly for the result that no NAPs could be approved until further funding had been approved.

712. A Board member noted that a similar discussion on readiness funding had taken place at the fifteenth meeting of the Board and urged the Board not to repeat the same discussion every year. They noted that if no readiness funding were approved for the following year, there would be little point in holding the upcoming structured dialogues.

713. The Co-Chairs proposed that consultations continue on the present agenda item outside the formal Board meeting.

714. The agenda item was suspended.

715. The Co-Chairs reopened the agenda item on the final day of the meeting and invited a representative of the Secretariat to explain the amendments to the draft decision.

716. A representative of the Secretariat explained the amendments to the draft decision.

717. The Co-Chairs invited the Board to adopt the draft decision as amended.

718. A Board member requested clarification on whether, according to the draft decision, the release of funds would be contingent on the approval of the TOR for the evaluation.
719. The Co-Chairs said that the aforementioned contingency had been removed.
720. A representative of the Secretariat noted that the draft decision contained a clause requesting that the TOR be approved as part of a decision taken between meetings.
721. The Co-Chairs asked the Board whether they wished to amend the draft decision to state that the TOR would be approved at the current Board meeting.
722. Another Board member replied that they were not prepared to approve the TOR at the current Board meeting. Three Board members expressed support for the draft decision without the proposed amendment.
723. The Co-Chairs took note of the comments and invited the Board to adopt the draft decision, without the proposed amendment.
724. Seeing no objections, the Co-Chairs took it that the Board wished to adopt the draft decision.
725. The Board took note of document GCF/B.18/07 titled “Readiness and Preparatory Support Programme: progress report”.
726. The Board adopted the following decision:

DECISION B.18/09

The Board, having considered document GCF/B.18/07 titled “Readiness and Preparatory Support Programme: progress report”:

- (a) *Notes the request for additional budget allocation for the Readiness and Preparatory Support Programme for 2017 and 2018 to enable the continued processing and approval of readiness proposals, including for national adaptation planning and/or other adaptation planning processes;*
- (b) *Requests the Secretariat to implement immediate measures to address the quality issues identified in the Readiness and Preparatory Support Programme progress report;*
- (c) *Agrees to conclude expeditiously the terms of reference for the independent evaluation of the programme by adopting a decision as soon as possible in between the eighteenth and nineteenth meetings of the Board, with an aim to initiate and conclude the evaluation by the twenty-first meeting of the Board, while reporting on the progress thereof at the twentieth meeting;*
- (d) *Approves that the amount of USD 50 million be made available for the execution of the Readiness and Preparatory Support Programme to address immediate requests for the funding of national adaptation planning and/or other adaptation planning processes; and*
- (e) *Requests the Secretariat to present a revised work programme for the Readiness and Preparatory Support Programme, including a request for funding for 2018, for the Board’s consideration at its nineteenth meeting, based on the outcome of the initial review by the Secretariat of the Readiness and Preparatory Support Programme.*

Agenda item 18: Policies related to prohibited practices, anti-money laundering and countering the financing of terrorism

727. The Co-Chairs opened the agenda item and introduced document GCF/B.18/20 titled “Anti-Money Laundering and Countering the Financing of Terrorism Policy”. They thanked the Secretariat and the EAC for their work and invited the Head of the IIU, Mr. Ibrahim Pam, to make a presentation.

728. Mr. Pam set out the legal basis for the policy and the collaborative manner in which it had been developed. The Head of the IIU highlighted the objectives and principles of the policy, as well as the key elements which were founded on a risk-based approach to identify, assess and mitigate the risks of money laundering and the financing of terrorism. Mr. Pam also pointed out the need for a consequential amendment to the Fiduciary Standard by the elaboration in the prescribed portion of that document of the key requirements of the anti-money laundering and countering the financing of terrorism (AML/CFT) policy.

729. The Co-Chairs thanked the Head of the IIU and his team for their work and invited the chair of the EAC to take the floor.

730. The chair of the EAC, Mr. Ayman Shasly, wished to put on record thanks to the Head of the IIU and his team for all their work and echoed the remarks made by the Head of the IIU in his presentation. Mr. Shasly said it was excellent to finally agree on this policy which had long been awaited.

731. The Co-Chairs thanked the chair of the EAC and members of the Committee for all their work and asked the Board if they could adopt the decision.

732. An alternate member acknowledged the importance of the policy and requested that the IIU monitor compliance of AEs, as there were some ‘red flags’. The alternate member enumerated several money laundering and fraud infractions committed by two entities accredited by the GCF (Deutsche Bank AG and HSBC), which had been the subject of punitive actions by banking regulatory authorities in their jurisdictions of operation in connection with breaches of financial regulations. The alternate member stated that the IIU had to ensure compliance monitoring with GCF entities to ensure that the AML/CFT policy was implemented with equal application to all entities.

733. A Board member stated that, while supporting the policy, they would need to receive clearance from government legal advisors.

734. Another Board member noted that they had expressed strong concerns during the previous meeting at the lack of a policy, especially bearing in mind the comments from the alternate member earlier. They were now very pleased to support this policy and thanked the EAC. They said that the policy provided a general framework for strengthening a due diligence process in combating money laundering and the financing of terrorism. They also requested the IIU to ensure an efficient implementation of this policy and expected the standards (i.e. implementation procedure) to be ready as promised, by B.20.

735. A third Board member expressed support for the policy and any further improvements that could be made in the future. They also stated that the policy should be applied uniformly across the world.

736. Responding to a point made in the presentation by the Head of the Unit, another Board member underlined the need for cooperation between the IIU and the Secretariat in implementing the policy, with responsibilities allocated in accordance with their respective mandates. It needed to be a team effort and with various parts of the institution aware and playing a role in its implementation. At the same time, it would be important to avoid any sense of each going outside their mandate or of any hierarchy between the two. This relationship should resemble that which existed between the Secretariat and the TAP. The Board member said that the IIU had the mandate to take the lead on developing standards, under the

supervision of the EAC, but with the understanding that relevant units of the Secretariat were fully involved in something that worked for the whole organization.

737. The Co-Chairs adjourned the item.

738. The Co-Chairs reopened the item later on the final day of the meeting.

739. A Board member who had earlier stated that they needed to consult with government legal advisors, said that they were now able to support the decision.

740. There being no further objections, the Board took note of document GCF/B.18/20 and adopted the following decision:

DECISION B.18/10

The Board, having considered document GCF/B.18/20 titled “Anti-Money Laundering and Countering the Financing of Terrorism Policy”:

- (a) Adopts the “Anti-Money Laundering and Countering the Financing of Terrorism Policy” contained in annex XIV to this document;*
- (b) Requests the Head of the Independent Integrity Unit, under the supervision of the Ethics and Audit Committee, to develop the standards for the implementation of the Anti-Money Laundering and Countering the Financing of Terrorism Policy for consideration by the Board by its twentieth meeting; and*
- (c) Authorizes the Ethics and Audit Committee to address issues that may arise in the implementation of this policy.*

Agenda item 19: Structure and staffing of the Secretariat

741. The Co-Chairs opened the agenda item and drew the attention of the Board to document GCF/B18/10 titled “Structure and staffing of the Secretariat”. They recalled the many comments made by Board members in appreciation of the hard work of the Secretariat and dedication of its staff, and addressed warm greetings to the new staff members who had joined the Secretariat since the previous Board meeting. The Co-Chairs invited the Board to adopt the decision contained in annex I to the document and opened the floor for comments.

742. A Board member expressed satisfaction at the extensive progress achieved to date towards the goal of building a strong, dependable and neutral Secretariat. With regard to the structure of the Secretariat, the Board member requested clarification on the function of the Deputy Executive Director position; was the incoming deputy intended to serve as a ‘deputy-Executive Director of the Secretariat’, or more as a ‘deputy to the Executive Director’? If the latter were the case (i.e. if the Deputy Executive Director were to be appointed essentially as an assistant to the Executive Director) the Board member did not wish the Deputy Executive Director to act as a medium of communication between the Executive Director and the Secretariat. They requested assurance that the Deputy Executive Director would have sufficient room for independent decision-making.

743. Another Board member expressed concern that PSF and DMA stood as separate divisions and asked for clarification on the extent to which the two divisions cooperated when dealing with funding proposals, especially given that not only public, but also private sector proposals could relate to both mitigation and adaptation. While noting the value of making it clear to stakeholders that the GCF has a dedicated PSF, the Board member wondered if the current structure gave the impression that one division dealt with financing while the other dealt with the technical components of proposals.

744. The Executive Director said that the Deputy Executive Director was intended to be the final decision maker on a range of operations, so as to ensure efficiency and provide continuous senior level assistance to all operational staff. The exact scope of the Deputy Executive Director's authority would be defined in due course as the Executive Director and Deputy Executive Director ad interim settled in to their current roles. To promote effective coordination, the office of the Deputy Executive Director would be on the same floor as that of the Executive Director. With regard to the separation between PSF and DMA, the Executive Director clarified that DMA dealt primarily with public sector proposals and had sectoral expertise, for example on specific areas such as water and energy; whereas PSF dealt primarily with private sector proposals, and had financial expertise. However, all funding proposals were dealt with through increasing cooperation between the two divisions; this cooperation had been enhanced over the past few months. The next step in improving the process would be the involvement of the senior management team in the first review of concept notes after their submission, so as to offer strategic direction and advice to the divisions to assist their work in shaping the concept notes into funding proposals. The Executive Director also noted that, to maximize efficiency, in some cases reporting would need to be done along functional rather than structural lines. While further changes to the organizational structure of the Secretariat could potentially be made in future, the Secretariat was not working to merge PSF and DMA at the present time; instead, it was focusing on developing a cohesive organizational culture, which would risk being disrupted if the fundamental structure of the fund was altered at the current stage; any eventual structural changes would be carried out in consultation with staff. The Dalberg report had been provided to guide the Secretariat's decisions on its own structure; the assessment provided in the report was highly valuable as it had given the Secretariat a roadmap to guide its ongoing development.

745. A Board member requested clarification on the respective roles of PSF and DMA in dealing with private and public sector funding proposals. From the explanation provided, they understood that, for example, if a state-owned utility were to submit a proposal for a renewable energy project, it would go to DMA on the basis that it was a public sector project, even if it were also seeking a concessional finance blended loan; and similarly, if a company were to submit a proposal to participate in a country's renewable energy sector, it would go to PSF on the basis that it had been submitted by a private sector entity.

746. The Executive Director invited the Deputy Executive Director ad interim to respond.

747. The Deputy Executive Director ad interim confirmed that the Board member had correctly described the process, and added that following submission of a funding proposal, the divisions coordinated internally to deal with each project.

748. The Co-Chairs took note of the comments and invited the Board to adopt the draft decision.

749. There being no objections, the Board adopted the following decision:

DECISION B.18/11

The Board, having considered document GCF/B.18/10 titled "Structure and staffing of the Secretariat":

- (a) *Notes the contents of document GCF/B.18/10;*
- (b) *Agrees to and adopts the proposed headcount of full-time-equivalent employees of 250 for 2018; and*
- (c) *Agrees to and adopts the new proposed structure as shown in annex XV.*

Agenda item 20: Report on the execution of the administrative budget for 2017

750. This agenda item was not opened.

Agenda item 21: Work programme of the Secretariat for 2018 and administrative budget

751. The Co-Chairs opened the agenda item and introduced document GCF/B.18/13 titled “Work programme of the Secretariat for 2018 and administrative budget”.

752. The Co-Chairs invited the Board to adopt the decision in annex I of the document.

753. There being no objections, the decision was adopted.

754. Following the decision, a Board member stated that, while supporting the decision, there were seven very important policies in the work plan. They wished to have assurance from the Secretariat that these would be finalized in 2018.

755. The Deputy Executive Director ad interim confirmed that more than three quarters of the policies were expected to be presented at B.19 and were already part of the tentative agenda.

756. The Board took note of document GCF/B.18/13 titled “Work programme of the Secretariat for 2018 and administrative budget” and adopted the following decision.

DECISION B.18/12

The Board, having considered document GCF/B.18/13 titled “Work programme of the Secretariat for 2018 and administrative budget”:

- (a) Recognizes that the work programme will help to guide the activities of the Secretariat during 2018;*
- (b) Approves the work programme 2018 as contained in annex XVI, and the goals and suggested policy priorities set out in the work programme, in accordance with paragraph 23(e) of the Governing Instrument for the GCF;*
- (c) Also approves an administrative budget for the period of 1 January to 31 December 2018 in the amount of USD 63,558,006 as referred to in appendix I to annex XVI;*
- (d) Further approves an administrative budget of the GCF for the periods 2019 and 2020 in the amounts of USD 42,289,607 and USD 44,107,723, respectively, to cover estimated staffing costs; and*
- (e) Requests the Secretariat to compile at each meeting of the Board a consolidated Board document on all information reports.*

Agenda item 22: Work programmes and budgets of the Independent Units for 2018

757. This agenda item was not opened.

Agenda item 23: Dates and venues of the meetings of the Board in 2018

758. The Co-Chairs opened the agenda item and introduced document GCF/B.18/02 titled “Dates and venue of the meetings of the Board in 2018”.

759. They opened the floor for comments.

760. A Board member stated that the proposed dates for B.20 in June overlapped with the meeting of the GEF and requested alternative dates be found. A second Board member expressed frustration that this had not been clarified before the June dates were proposed.

761. The Co-Chairs asked the Board if they could adopt the proposed dates for B.19 and subsequently resolve future dates as a decision taken between meetings.

762. The Board member above asked for confirmation from the Secretariat that the dates for B.19 did not overlap with other global meetings.

763. The Co-Chairs suspended the item.

764. Later, on the third day of the Board meeting, the Co-Chairs reopened the item. They confirmed that there were no overlapping dates for B.19 and proposed that the Board adopt the dates and venues in paragraph (a) of the draft decision. It was proposed that dates for future meetings would be circulated for consultation between meetings.

765. There being no objections, the decision was duly adopted.

766. During agenda item 27, close of the meeting, a Board member asked whether any conclusion had been reached by the Co-Chairs regarding a proposal for an informal meeting before B.19, and its likely duration and timing.

767. The Co-Chairs stated that the matter was still being considered. They noted that if there were to be an informal meeting, the general feeling was that it should be just before B.19, but not at the same venue in order to benefit from a less formal setting. They confirmed that they would think the matter through and inform the Board as soon as possible.

768. The Board took note of document GCF/B.18/02 titled “Dates and venue of the meetings of the Board in 2018”.

769. The Board adopted the following decision:

DECISION B.18/13

The Board, having reviewed document GCF/B.18/02 titled “Dates and venue of the meetings of the Board in 2018”:

(a) *Confirms that the nineteenth meeting of the Board will take place in Songdo, Republic of Korea, from Tuesday, 27 February to Thursday, 1 March 2018; and*

(b) *Decides to agree on the dates and venues for the twentieth and twenty-first meetings between the eighteenth and nineteenth meetings of the Board.*

Agenda item 24: Elections of Co-Chairs

770. The Co-Chairs opened the item and reminded the Board that their terms would expire on 31 December 2017. According to paragraph 13 of the Governing Instrument, the two Co-Chairs “will be elected by the Board members from within their membership to serve for a

period of one year”, with one being a member from a developed country Party and the other being a member from a developing country Party.

771. They noted that both constituencies had held consultations regarding said elections and for various reasons the election of new Co-Chairs may have to be delayed until 1 January 2018. They proposed that the two Co-Chairs would need to be elected together as both terms were expiring simultaneously. As both constituencies may wish to elect Co-Chairs who were not yet Board members, and based on advice from the interim General Counsel and Secretariat, they proposed that the Board consider the election of Co-Chairs in January 2018 when both candidates were full members of the Board, as a decision taken between meetings.

772. Finally, the incumbent Co-Chairs expressed full support to the incoming Co-Chairs during the handover period.

773. No decision was taken under this agenda item and it was closed by the Co-Chairs.

Agenda item 25: Other matters

(a) Other matters from the seventeenth meeting of the Board

774. This agenda item was not opened.

Agenda item 26: Report of the meeting

775. The decisions as adopted and their corresponding annexes are included in this document.

Agenda item 27: Close of the meeting

776. The Co-Chairs opened the agenda item and expressed sincere gratitude to the Government of Egypt for having hosted the Board meeting in a spirit of generous and gracious hospitality. Noting that the eighteenth meeting of the Board was their last as Co-Chairs, they commended the Secretariat and Executive Director on their excellent work, expressed gratitude to the members of the Board for their support over the previous year, and thanked the outgoing Board members for their valuable contributions towards the work of the Board, wishing them all the best of success in their future endeavours.

777. Mr. Omar El-Arini, the Board member from Egypt, addressed a farewell greeting to the Board in Arabic, *sharraftuna wa nawwartuna*, meaning “you have honoured us and brought light into our life”. He thanked the Board for having attended the meeting in Egypt, and said that he hoped the hospitality offered by his Government had served to promote the progress of the Board’s work. He also hoped that the meeting attendees would take home with them a part of Egypt, which he described as the ‘mother of the world’. Lastly, he commended the outgoing Co-Chairs and their teams on their excellent stewardship of the work of the Board during their 2017 term, congratulated the Secretariat on its work in organizing the meeting, and paid tribute to the management of the Royal Maxim Palace Kempinski hotel in Cairo for their invaluable support throughout the meeting.

778. Board members expressed appreciation for the work of the outgoing Co-Chairs and commended their teams of advisors on the excellent support they had provided throughout the Board meetings in 2017.

779. The outgoing Board member from the United States of America expressed appreciation to the members of the Board for their cooperation and knowledge-sharing throughout the previous year, and expressed strong confidence in the dedication of the Board and the ability of the GCF to achieve its objectives.

780. On behalf of the Secretariat, the Executive Director expressed sincere appreciation to the Government of Egypt, as well as to all Egyptian representatives and members of the host country organizational team for the support they had provided to the eighteenth meeting of the Board.

781. The meeting was closed on Monday, 2 October 2017 at 6:20 PM.

782. Following the close of the meeting, the Co-Chairs invited Mr. Khaled Fahmy, the Minister of Environment of the Arab Republic of Egypt to address the Board.

783. On behalf of the Government of Egypt, Mr. Fahmy paid tribute to the ongoing endeavours of the Board members to address climate change in the interests of humanity and expressed confidence in their ability to take the right decisions based on their wisdom and dedication. He thanked the Board members for having visited Egypt and apologized that their work had once been interrupted by a power outage during the meeting. To conclude, Mr. Fahmy reiterated his appreciation to the Board and bid them farewell with the Arabic greeting, *sharraftuna wa nawwartuna*.

Annex I: Work plan of the Board for 2018

Issue	B.19	B.20	B.21
Strategies and plans			
Work plan of the Board			Adoption of the work plan for 2019
Strategic plan for the GCF (Decisions B.11/03, B.12/20, and B.17/05, para (d))	Presentation of a comprehensive 2017 annual status report on the implementation of the strategic plan		
Communications strategy (Decisions B.01-13/05, para (c); B.04/14, para. (c); B.13/25, para. (f); and B.17/01, para. (b)(ii))		Adoption of a communications strategy (Decisions B.13/25, para. (f), and B.17/01, para. (b)(ii))	
Guidance from the COP			
COP guidance and reports (Governing Instrument for the GCF, paras. 6(a-c), and B.17/04, para. (b) & (d)) (UNFCCC decision 5/CP.19)	Incorporation of COP 23 guidance into the Board work plan	Approve the seventh GCF report to the COP – COP report to include the report of the COP23 annual meeting with the UNFCCC thematic bodies; and updates related to complementarity and coherence with other funds (Decisions B.13/11 para. (e), and B.17/04, para. (d))	Addendum to the COP report
Complementarity and coherence, (Decisions B.13/12, para. (c), and B.17/04, para. (b)) (UNFCCC decisions 7/CP.21, para. 26, and 7/CP.20, para. 16)		Included in Seventh GCF Report to COP: <ul style="list-style-type: none"> Annual report presenting the outputs from the operational framework on complementarity and coherence (Decision B.17/04, para. (b)) 	
Mobilization of private sector finance to progress GCF forestry-related results areas ⁷ (Decisions B.12/07, para. (f), B.BM-2017/02, and B.17/01 (b)(xxi))		Mobilization of private sector finance to progress GCF forestry-related results areas	

Alternative policy approaches (<i>Decisions B.12/07, para. (e), B.14/01, para (b), and B.17/01</i>) (<i>UNFCCC decisions 10/CP.22, para 4, and 7/CP.21, para. 25</i>)		Consideration of alternative policy approaches for the integral and sustainable management of forests	
Committees, Panels and Groups			
Committees, panels and groups (<i>Annexes XVI-XIX to decision B.05/13</i>)	Presentation of ToRs for the review of committees, panels and groups ¹		Presentation of findings of the review of committees, panels and groups
Code of conduct for the Accreditation Panel (<i>Decision B.07/02, annex V, para. 14</i>)	Approval of a Code of conduct for the Accreditation Panel ¹		
Review of the iTAP ² (<i>Decisions B.10/09, para. (d) and B.15/06 para. (c), and Decision B.09/10, annex XII, and B.17/01 (b)(i)</i>)	<ul style="list-style-type: none"> • Review of the structure and effectiveness of the independent Technical Advisory Panel (<i>Decisions B.10/09, para. (d), B.14/01, para. (h) and B.15/06 para. (c), and B.17/01 (b)(i)</i>); and • Adoption of ToRs for the performance review of the TAP members (<i>Decision B.09/10, annex XII</i>) 		<ul style="list-style-type: none"> • Presentation of findings of the performance review of TAP members • Appointment of TAP members
Observers			
Participation of observers (<i>Decisions B.01-13/03, annex XII, para. 17; B.05/23, para. (b); B.BM-2016/11; B.13/27, para. (b) and B.BM-2017/02</i>)	Presentation of the outcomes of the review of guidelines on observer participation (<i>Decisions B.BM-2016/11, B.BM-2017/02</i>)		

¹ Co-Chairs

² Investment Committee

Issue	B.19	B.20	B.21
Permanent Trustee Selection			
Competitive process for the selection of the Permanent Trustee ³ <i>(Decision B.08/22, para. (b) and decision B.15/08 para. (a), B.16/05, annex II)</i>	Pending outcomes of B.18		
Board policies and processes – Risk management framework			
Development of the Risk ⁴ management framework		Adoption of risk rating models <i>(Decision B.17/11, para (f))</i>	
Board policies and processes – Investment framework			
Initial proposal approval process <i>(Decisions B.07/03, B.11/11, and B.17/09, paras (g), (m), (n), (o) and (p))</i>	Consideration of options for the development of a two-stage proposal approval process <i>(Decision B.17/09, para. (g))</i>	<ul style="list-style-type: none"> • Consideration of options for further decision making on funding proposals <i>(Decision B.17/09, para (m))</i> • Defining the nature, scope and extent of second-level due diligence by the Secretariat <i>(Decision B.17/09, para. (o))</i> 	<ul style="list-style-type: none"> • Update to the project and programme activity cycle as contained in decision B.17/09, annex IV <i>(Decision B.17/09, para (n));</i> • Comprehensive restructuring and cancellation policy <i>(Decisions B.07/03, para. (e), and B.17/09, para. (p))</i>
Further guidance on concessionality, including Level of concessionality for the public sector <i>Decision B.17/10, para. (c)(iv)), Decisions B.12/17, para. (b), and para. (a), and B.BM-2017/02))</i>	Options for further guidance on concessionality		
Co-financing policy and co-financing arrangements with other financial institutions ¹ <i>(Decisions B.13/05, B.15/02 and B.17/10)</i>	Consideration of the co-financing policy		

³ Ad hoc Committee on Trustee Selection

⁴ Risk Management Committee

Issue	B.19	B.20	B.21
Indicative minimum benchmarks ²	Presentation of a proposal on indicative minimum benchmarks <i>(Decision B.13/02 - Investment Committee)</i>		
Annual review of the financial terms and conditions of the GCF's financial instruments ² <i>(decision B.15/05, para. (b)); and (decision B.12/17, para (c), and B.17/01, para. (b), (xx))</i>	Conclusion of the annual review of financial terms and conditions of the GCF financial instruments, including outcomes of Co-Chairs' consultations		
Policy on fees for accredited entities <i>(Decisions B.11/10, para. (f), and B.BM-2017/02)</i>	Revised policy on fees for accredited entities ⁶		
Policy guidelines on a programmatic approach <i>(Decision B.13/09, para. (g), B.14/07 (k))</i>			Adoption of policy guidelines on a programmatic approach, taking into consideration outcomes of Co-Chairs' consultations ¹
Developing an incremental cost methodology <i>(Decision B.17/10, para. (c)(i))</i>	Development and application of incremental cost calculation methodology and/or alternative methodologies <i>(Decision B.17/10, para. (c)(i))</i>		
Portfolio alignment and investment priority areas <i>(Decisions B.09/02, para. (b), and B.17/08, para (b))</i>	Presentation of findings of the additional analysis of potential investment priority areas to identify specific result areas where targeted GCF investment would have the most impact <i>(Decision B.17/08, para (b))</i>		
Support to adaptation activities <i>(Decision B.17/10, para. (c)(ii)), including Private sector in adaptation (Decisions B.15/03, para. (d) and B.17/06, para (d)(ii))</i>		Guidance and scope for providing support to adaptation activities	

Issue	B.19	B.20	B.21
A mechanism to draw on appropriate scientific and technical advice <i>(Decision B.04/09, para. (d), and B.14/07, para. (o))</i>			Presentations of options for a mechanism to draw on appropriate scientific and technical advice
Board policies and processes – Results management framework			
Results Management Framework <i>(Decisions B.08/07, para. (b); B.13/34; and B.17/01 (b)(x))</i>		Further development of some indicators in the performance measurement frameworks	
Board policies and processes – Fund-wide policies			
Information disclosure policy <i>(Decision B.12/35, para. (b), (g), annex XXIX, para.28)</i>			Presentation of recommendations on the review of the relevant disclosure requirements once the environmental and social management system is developed <i>(Decision B.12/35, para. (b))</i>
GCF Gender and Social Inclusion Policy <i>(Decisions B.09/11 B.12/16, B.14/01, para. (g), B.BM-2017/02)</i>	Adoption of Gender and Social Inclusion Policy		
Indigenous peoples' policy <i>(Decisions B.15/01, and B.17/01 (b), (ix))</i>	Adoption of a GCF Indigenous Peoples' Policy		
Policies on ethics and conflict of interest ⁵	Policy on Ethics for the Active Observers	Consideration of Ethics and Audit Committee recommendations on various matters regarding conflicts of interest of persons engaged with the GCF <i>(Document GCF/ B.16/23, para.8)</i>	
Approvals			
Funding proposals,	Consideration of funding proposals	Consideration of funding proposals	Consideration of funding proposals

⁵ Ethics and Audit Committee

Issue	B.19	B.20	B.21
Accreditation matters			
Accreditation of entities ⁶	Consideration of proposals to accredit entities	Consideration of proposals to accredit entities	Consideration of proposals to accredit entities
Further development of the Accreditation Framework ¹ <i>Fast-tracking - Decisions B.14/08, para. (d)(ii); B.17/01, para. (b), (xi), B.17/06, para (e), B.14/08, para. (f)(ii)</i> <i>Prioritization - B.14/08, para. (d)(ii), and B.17/01 (b), (xi)</i> <i>Use of third-party evidence - Decisions B.14/08, para. (e)(i), & B.17/01 (b), (xiii)</i> <i>AF's ES & gender policy – Decisions B.14/08, para. (e)(iii),</i>	Pending outcomes of B.18		
Initial fiduciary standards <i>(Decision B.07/02, B.12/31, para. (i), B.14/01, para. (e) & (f), and B.14/08, para. (f))</i>	Adoption of fiduciary compliance and integrity policies/policies relating to prohibited practices, anti-money laundering and countering the financing of terrorism ⁵ <i>(Decisions B.12/31, para. (i), B.14/01, para. (e), and B.15/13)</i>	Integration of policies relating to prohibited practices, anti-money laundering and countering the financing of terrorism in the interim fiduciary standards <i>(Decision B.14/01, para. (f))</i>	
Environmental and social management system ⁶ <i>(Decision B.07/02, para. (n))</i>	Presentation of the environmental and social management system; and Adoption of the Environmental and Social policy	Presentation of approach to developing the Environmental and Social Safeguards (ESS) standards	
Country programming and readiness			
Implementation of the Readiness and Preparatory Support Programme <i>(Decisions B.06/11 (f) and B.16/01, para. (c), Decision B.13/09, para. (k))</i>		Readiness Programme progress and outlook report, including status of NAPs	

⁶ Accreditation Committee

Issue	B.19	B.20	B.21
Country ownership guidelines (<i>Decision B.17/21</i>)			Presentation of the annual assessment of the application of the country ownership guidelines (<i>Decision B.17/21, para. (c)</i>)
Country and Entity work programmes (<i>Decisions B.12/20, and B.17/05, para (d)</i>)	Presentation of consolidated country and entity work programmes (<i>Decision B.17/05, para (c)</i>)		
Private sector matters			
Private sector in LDCs and SIDS ⁷ (<i>Decisions B.15/03, para. (d) and B.17/06, para (d)(i)</i>) (<i>UNFCCC decision 10/CP.22, para. 11</i>)	Consideration of PSAG recommendations on the development of modalities to support activities enabling private sector involvement in LDCs and SIDS		
Private sector outreach plan ⁷ (<i>Decision B.13/05 para. (d), and B.BM-2017/02</i>)	Presentation of PSAG recommendations on the development of a private sector outreach plan (<i>Decisions B.13/05, para. (d); and B.BM-2017/02</i>)		
Private sector MSME pilot programme (<i>Decisions B.09/09, para. (h); B.10/11 (b)(i); and B.13/22</i>)		Presentation of ToR for request(s) for proposals for the remainder of the allocation for the MSME pilot programme (decision B.13/22, para. (f))	
Resource mobilization			
First formal replenishment process of the GCF ¹ (<i>Decision B.12/09; and Decisions B.08/13, annex XIX, paras. 5-7; B.11/05, para. (d); B.14/01 (i); and B.17/01 (b)(viii)</i>)	Presentation of policies and procedures for the formal replenishment process		
Issue	B.19	B.20	B.21

⁷ PSAG

Issue	B.19	B.20	B.21
Independent accountability units			
Independent Integrity Unit			Approval of the work programme and budget of the unit for 2019 ⁵
Independent Evaluation Unit			<ul style="list-style-type: none"> • Approval of the work programme and budget of the unit for 2019 • Approval of the independent evaluation policy
Independent Redress Mechanism			<ul style="list-style-type: none"> • Approval of the work programme and budget of the unit for 2019⁵
Administrative matters			
Administrative guidelines	<ul style="list-style-type: none"> • Revised administrative guidelines on human resources; and • Presentation of reviewed administrative guidelines on procurement <i>(Decisions B.12/39, para. (a), and B.17/01, para. (c))</i> 		Administrative guidelines on information communication and technology
Work Plan and Administrative budgets ⁸	<ul style="list-style-type: none"> • A report on the execution of the administrative budgets for 2017, and • Presentation of the draft unaudited financial statements for 2017 	<ul style="list-style-type: none"> • A report on the execution of the administrative budgets for 2018 • Approval of the audited financial statements for 2017 	<ul style="list-style-type: none"> • A report on the execution of the administrative budgets for 2018 • Approval of the Work Programme and Administrative Budget for 2019

⁸ Budget Committee

Matters to be addressed at each Board meeting	
Co-Chairs' report, consultations and standing matters	<p>The Co-Chairs will report to each meeting on the status of consultations and will bring those matters to the Board as appropriate.</p> <p>The report on the activities of the Co-Chairs will include status updates on:</p> <ul style="list-style-type: none"> • Revised work plan following B.18 and B.19 • Establishment of an appointment committee as a standing committee (<i>Decisions B.12/08; and B.15/02 (a)</i>) • Decision-making in the absence of consensus (<i>Decision B.12/11, and B.15/02 (a)</i>) • Decision-making without a Board meeting (<i>Decisions B.12/12 and B.15/02 (a)</i>) • Board decisions proposed and approved between meetings • Co-Chairs to present the performance criteria and measurement procedure of the Heads of the accountability Units for adoption (<i>Decision B.10/05, para. (j), B.12/04, B.13/16, para. (c) and B.17/12, para (b)</i>) • Election of Co-Chairs
Secretariat Matters	<ul style="list-style-type: none"> • Report on the activities of the Secretariat, outlining status of implementation of the Secretariat Work Programme for 2018 • Actions taken to include gender considerations in the activities of the Fund (<i>Decision B.12/20, para. (d)</i>) • Status of staffing of the Secretariat • Legal and formal arrangements with accredited entities; Status update and recommendations from the RMC • GCF Portfolio and pipeline B.11/11 and <i>B.13/21, para. (d)(ix)</i> and Status report on the PPF requests received (<i>Decision B.13/21, para. (d)(ix); and Decisions B.13/21, para (f) and B.17/01 (b)(xiv)</i>) • Status of the fulfillment of conditions on relevant approved projects (<i>decision B.14/07, paras. (i) and (j)</i>); • Risk management update and publication of risk dashboard every quarter (<i>Decision B.17/11 para (d)</i>) • Status of the initial resource mobilization process • Progress report on the implementation of Readiness work programme, including status of NAPs.
Independent Units reports	<ul style="list-style-type: none"> • Reports of the Independent Units
Other procedural agenda items	<ul style="list-style-type: none"> • Adoption of the agenda • Adoption of the report of the previous meeting • Reports from Board committees, panels and groups • Dates and venues of the following meetings of the Board • Report of the meeting

Abbreviations: AMAs = accreditation master agreements, B.15-21 = fifteenth to twenty-first meetings of the Board, COP = Conference of the Parties to the United Nations Framework Convention on Climate Change, IEU = independent Evaluation Unit, IIU = independent Integrity Unit, MSME = micro-, small- and medium-sized enterprise, NDAs = national designated authorities, NAP = national adaptation plans, PPF = Project Preparation Facility, PSAG = Private Sector Advisory Group, RfP = request for proposal, ToR = terms of reference

Annex II: Information on proposals by direct access entities

1. The following information shall be reported to the Board and the Conference of the Parties:
 - (a) Number and funding amount of submitted concept notes, submitted and approved funding proposals, as well as the disbursement amounts of such proposals, submitted and approved Project Preparation Facility requests, as well as the disbursement amounts of such requests, received from direct access accredited entities. In cases where a concept note has been developed into, and/or where a Project Preparation Facility request has supported, a funding proposal, such indication shall be made available;
 - (b) Number and funding amounts of submitted concept notes, submitted and approved funding proposals, as well as the disbursement amounts of such proposals and submitted and approved Project Preparation Facility requests, as well as the disbursement amounts of such requests, for all accredited entities;
 - (c) Average time taken to process concept notes, process and approve funding proposals, as well as the disbursement amounts of such proposals and process and approve Project Preparation Facility requests, as well as the disbursement amounts of such requests, received from direct access accredited entities;
 - (d) Average time taken to process concept notes, process and approve funding proposals, as well as the disbursement amounts of such proposals and process and approve Project Preparation Facility requests, as well as the disbursement amounts of such requests, received from all accredited entities;
 - (e) Support to direct access accredited entities through targeted trainings and technical assistance on project preparation and management following GCF requirements;
 - (f) Support to direct access accredited entities to build capacity and promote peer-to-peer learning and south-south exchange;
 - (g) Support to direct access accredited entities in developing their Entity Work Programmes and project/programme pipelines; and
 - (h) Opportunities created for direct access entities to access support from the Readiness and Preparatory Support Programme and the Project Preparation Facility for project/programme pipeline development.

Annex III: Accreditation assessment of Applicant 056 (APL056)

I. Introduction

1. Applicant 056 (APL056), the China Clean Development Mechanism Fund Management Center (China CDM Fund Management Center), is an entity that is mandated to build capacity in coping with and combating climate change and promoting sustainable economy growth at the national level in China. The China CDM Fund Management Center has funded projects with a focus on renewable energy and clean energy, energy efficiency, green transportation, forestry, new energy-efficient materials, and energy generation and access.

2. The applicant submitted its application for accreditation to the Secretariat via the Online Accreditation System on 17 January 2015. The Stage I institutional assessment and completeness check was completed on 23 June 2017 and was progressed to the Stage II (Step 1) accreditation review, which has been concluded with the publication of this assessment. The applicant has applied to be accredited for the following parameters under the fit-for-purpose approach of the GCF:

- (a) **Access modality:** direct access, national. The applicant received a national designated authority nomination for its accreditation application from China;
- (b) **Track:** normal track;
- (c) **Maximum size of an individual project or activity within a programme:** medium;¹
- (d) **Fiduciary functions:**²
 - (i) Basic fiduciary standards; and
 - (ii) Specialized fiduciary standard for project management; and
- (e) **Maximum environmental and social risk category:** medium risk (Category B/Intermediation 2 (I-2)).³

II. Stage I institutional assessment and completeness check

3. The applicant applied under the normal track accreditation process, and was assessed by the Secretariat during Stage I.

2.1 Legal status, registration, permits and licences

4. The applicant provided documents on its establishment and licences to operate, where relevant, as a part of the application. The applicant was established as an affiliate of the Ministry of Finance of China in 2006 and registered under the National Register of Administration of

¹ As per annex I to decision B.08/02 (annex I to document GCF/B.08/45), “medium” is defined as “maximum total projected costs at the time of application, irrespective of the portion that is funded by the GCF, of above USD 50 million and up to and including USD 250 million for an individual project or an activity within a programme”.

² Decision B.07/02.

³ As per annex I to decision B.07/02 (annex I to document GCF/B.07/11), Category B is defined as “Activities with potential mild adverse environmental and/or social risks and/or impacts that are few in number, generally site specific, largely reversible, and readily addressed through mitigation measures” and Intermediation 2 is defined as “When an intermediary’s existing or proposed portfolio includes, or is expected to include, substantial financial exposure to activities with potential limited adverse environmental or social risks and/or impacts that are few in number, generally site specific, largely reversible, and readily addressed through mitigation measures; or includes a very limited number of activities with potential significant adverse environmental and/or social risks and/or impacts that are diverse, irreversible, or unprecedented”.

Public Institutions. The applicant commenced its business as an operating entity of the China CDM Fund from 2010.

2.2 Institutional presence and relevant networks

5. The applicant, as an affiliate of the Ministry of Finance, is collectively governed and regulated by seven government bodies of China. The applicant is mandated to build capacity in the country to cope with and combat climate change, and promote a sustainable economic growth model. The applicant plays a key role in promoting the integration of government and capital markets, acting as a platform for soliciting new investment, business cooperation and sharing climate change information. It also aims to leverage public funds and private sector investment to fulfil China's significant investment needs in climate relevant projects and programmes. For example, the applicant has a national network working with finance bureaux in over 25 provinces in China to promote public-private partnerships to mobilize and manage resources in climate change mitigation and adaptation projects.

6. In addition, the applicant possesses strong connections with international organizations, foreign government institutions, financial organizations, and advisory and research institutes to promote international cooperation in climate change.

7. In order to advance the objectives of the GCF, the applicant intends to:

- (a) Conduct capacity-building activities to mainstream the green and low-carbon development concept and good practices in the market;
- (b) Mobilize financial institutions and enterprises to engage in low-carbon development;
- (c) Explore market-oriented mechanisms to enhance cooperation with financial institutions and to develop comprehensive investment instruments;
- (d) Support mitigation projects with significant greenhouse (GHG) emission reductions and facilitate the development and deployment of climate-friendly technologies; and
- (e) Conduct demonstration projects on adaptation to climate change and to guide and promote scaled-up adaptation actions in regions with different economic conditions.

2.3 Track record

8. The applicant has supported national efforts in the field of climate change mitigation and adaptation. In addition, it actively participated in international cooperation to further improve its capacity-building and to share its successful practices with other developing countries.

9. The applicant's track record in financing climate change-related projects in China includes the following:

- (a) USD 65.88 million (loans) for Jiangxi Huadian Jiujiang Distributed Energy Station Project;
- (b) USD 33.82 million (loans) for the project Renovation of Carbon Dioxide Based Degradable Plastics Production;
- (c) USD 7.83 million (equity) for Shanghai Environment and Energy Exchange Cooperation Ltd.; and
- (d) USD 135.88 million (guarantees) for China Utility and Energy Efficiency Finance Programme.

III. Stage II accreditation review assessment

10. The applicant applied under the normal track accreditation process, and was assessed against the standards of the GCF by the Accreditation Panel (AP) during Stage II (Step 1).

11. As part of this assessment, the AP consulted the applicant's website to complement the information provided in the application.

3.1 Fiduciary standards

3.1.1 Section 4.1: Basic fiduciary standards: key administrative and financial capacities

12. The applicant has a suitable governance structure that enables it to effectively carry out its mandate. The applicant's governing board, which is the applicant's supreme body, comprises representatives of seven public institutions, including the Ministry of Finance of China. The applicant's board exercises its oversight role through several committees, including an audit committee. The committee has the requisite expertise and independence to carry out its designated role.

13. The applicant's financial statements are prepared in accordance with the China Accounting Standards and Principles for Enterprises which are consistent with International Financial Reporting Standards. The applicant has a financial information system which generates a broad range of financial reports required for effective financial management and decision-making. It also has a well-documented payment and disbursement system with appropriate policies and procedures for segregation of duties and delegation of authority.

14. The applicant has an internal audit unit with a skeleton staff of only two auditors. Almost all internal audit work is outsourced to external firms. However, the applicant has put in place an internal audit improvement plan which is scheduled to be completed by March 2018. Among other measures being taken, the plan envisages the recruitment of additional experienced auditors in order to enhance the internal audit unit's capacity to carry out the internal audit work, rather than outsourcing it to external firms. Internal audits are carried out in accordance with internationally recognized standards similar to those prescribed by the Institute of Internal Auditors.

15. The applicant's annual financial statements are audited by an independent external audit firm. However, as a public institution, the applicant is also subject to a mandatory annual audit by the National Audit Office in accordance with the Audit Law of China. The external audits are carried out in accordance with domestic audit regulations which are generally consistent with international standards.

16. The applicant has a well-documented internal control system to ensure that it operates within the confines of relevant laws and regulations, and that it achieves its operational and financial goals in an efficient and effective manner. Adequate risk-assessment processes are in place to proactively identify and address risks in each of the financial management and operational areas. The applicant has a procurement policy and guidelines that are consistent with recognized international practice. It also has an accessible and transparent procurement dispute resolution mechanism.

17. Although the applicant meets all other GCF requirements relating to administrative and financial capacities, it does not have an adequately staffed internal audit function and it has not provided evidence to show that it carries out assessments and oversight of the procurement procedures of beneficiary institutions, executing entities or project sponsors. The applicant is taking appropriate steps to address these shortfalls in meeting the GCF requirement for the basic fiduciary standards on key administrative and financial capacities.

3.1.2 Section 4.2: Basic fiduciary standards: transparency and accountability

18. The applicant has a code of conduct that defines ethical standards to be upheld by employees and all parties with a functional and/or contractual relationship with the organization. An ethics committee appointed by its governing board is responsible for oversight of the ethics function.

19. The applicant has a comprehensive financial management policy which is complemented by:

- (a) A financial disclosure policy that establishes the mechanisms for disclosure of conflicts of interest;
- (b) A policy on zero tolerance of fraud, financial mismanagement and other forms of misconduct;
- (c) A mechanism for protecting whistle-blowers who report violations; and
- (d) A separate function for investigating and handling allegations of fraud and other forms of misconduct.

20. The applicant has recently formulated and put into effect comprehensive anti-money laundering (AML) and countering the financing of terrorism (CFT) regulations based on the relevant national regulations and measures designed to control AML/CFT risks. The AML/CFT regulations are complemented by an equally comprehensive “know-your-customer” due diligence mechanism that includes, among other things, enquiries into the credibility of project owners/sponsors and their affiliates, verification of capital sources and scrutiny of project fund flows. The applicant also has a mechanism for monitoring electronic transfer of funds which is implemented in collaboration with commercial banks to ensure that funds are received from bona fide sources and remitted to the intended beneficiaries.

3.1.3 Section 5.1: Specialized fiduciary standard for project management

21. The applicant has a sound track record of capability and experience in project identification, preparation and appraisal. Project cycle management is guided by detailed project preparation, appraisal and risk assessment policies and procedures. The examples of project appraisal documents provided demonstrate the applicant’s effective use of the policies and procedures.

22. The applicant has a policy that guides its monitoring and evaluation function, the roles and responsibilities of which are clearly defined. The policy and structure relating to monitoring and evaluation provide for a segregation of the monitoring function from the project origination and supervision functions. Recent sample monitoring and evaluation reports were provided along with evidence showing that monitoring and evaluation reports are published in accordance with the applicant’s disclosure policy. The applicant also has a project-at-risk system for the early identification of project problems that may interfere with the achievement of project objectives if not addressed in a timely manner.

23. The applicant’s project closure policy and procedures include provisions for independent evaluation and reporting on results achieved, lessons learned and recommendations for improvement in the design of future projects. As required by the evaluation disclosure policy, evaluation reports and results are publicly disclosed and disseminated widely to parties directly or indirectly involved in the projects financed by the applicant.

3.1.4 Section 5.2: Specialized fiduciary standard for grant award and/or funding allocation mechanisms

24. The applicant did not apply for accreditation against this standard at this time.

3.1.5 **Section 5.3: Specialized fiduciary standard for on-lending and/or blending**

25. The applicant did not apply for accreditation against this standard at this time.

3.2 Environmental and social safeguards

3.2.1 Section 6.1: Policy

26. The applicant's Handbook of Environmental and Social Risk Management (ESRM Handbook), which was endorsed by the applicant's management in June 2014, constitutes its environmental and social safeguards (ESS) policy. The ESRM Handbook was developed to align with the good practices of international financial institutions such as the International Finance Corporation (IFC), the World Bank and the Asian Development Bank. The applicant's ESRM Handbook requires its executing entities in implementing projects financed by the applicant to address cumulative impacts, associated facility impacts, analysis of alternatives, baseline data standards and mitigation hierarchy.

27. The ESRM Handbook requires the ESS assessment process to follow, where applicable, the IFC Performance Standards on Environmental and Social Sustainability (the IFC Performance Standards) and the World Bank Group Environmental, Health and Safety Guidelines. In cases where domestic law and the IFC Performance Standards differ, the higher standard is chosen, otherwise, justified deviation is required. The ESRM Handbook incorporates all applicable domestic ESS laws and regulations that the applicant's institution adheres to, including those to be followed by the host country according to international law. The ESRM Handbook has been endorsed by the applicant's Executive Committee and distributed to all the parties involved (e.g. its project investment department, its risk and performance management department, and its policy research department).

28. The applicant provided evidence indicating that training specific to the requirements of the ESRM Handbook (including applicable IFC Performance Standards) and its application has been provided to key staff of the relevant departments.

3.2.2 Section 6.2: Identification of risks and impacts

29. The ESRM Handbook describes the applicant's institutional process to guide its staff in identifying the environmental and social (E&S) risks and impacts of projects at the project preparation and appraisal stage, as well as during the project implementation stage. The ESRM Handbook contains a list of types of projects that may be considered under each of the E&S risk category. To ensure that the E&S-related performance of a new potential activity is consistent with the applicant's standards and requirements, the applicant has adopted a scoring system to analyse the ability of the executing entity to manage E&S risks in all aspects of the IFC Performance Standards at the project appraisal stage. The level of risk of new potential projects is determined by the highest level of significance and of identified risks across all potential risk areas in performance standards 1 to 8.

30. In addition to project E&S risk categorization, the scoring system also defines the key areas for project monitoring and management during and following project implementation. The applicant provided details of a sample of projects that include analysis of E&S risk category attributed to the projects.

3.2.3 Section 6.3: Management programme

31. The applicant's ESRM Handbook documents its institutional process for managing mitigation measures and actions stemming from the E&S risk identification process, distinguishing between different categories of risk. If a project is classified as Category A or Category B, the applicant encourages the project owner to develop or adopt an environmental and social management system for the project and to prepare an environmental and social management plan.

32. The applicant provided a sample of environmental and social management plans for three projects as examples of its capabilities in implementing, supervising and assessing the mitigation measures for E&S risks.

3.2.4 **Section 6.4: Organizational capacity and competency**

33. The applicant provided its organizational chart, including a detailed write-up describing the organizational structure related to E&S management including the competency of the people responsible for the overall commitment and management of E&S objectives. The ESRM Handbook states that the coordinator for E&S risk management, who is in the risk and performance department, makes general arrangements of the risk identification and review, and organizes and coordinates the review panel. The applicant's Director General of the risk management department is responsible for the overall supervision of the process of risk identification and review, checking and approving the review report submitted by the review panel, and reporting to the applicant's Executive Committee. The Executive Committee makes decisions throughout the project approval cycle relating to each project and its fit with the applicant's mandate, policies and strategies, and sets conditions to its approval, as necessary.

3.2.5 **Section 6.5: Monitoring and review**

34. The applicant's monitoring and review procedures are described in the ESRM Handbook. Monitoring and review is conducted once a year during the implementation of a project. For completed projects, the monitoring and review work is completed within a year after the contract ends. The applicant's department of internal review and control reports the review results in a timely manner and uses the results as the reference for decision-making and the assessment of project implementation. The applicant provided a sample of its monitoring and review reports which also addressed the E&S aspects.

3.2.6 **Section 6.6: External communications**

35. The applicant's procedures for external communication is described in the ESRM Handbook. The applicant's E&S coordinator is responsible for its external communication. The applicant's website has an email address for the project-related communities and the public at large to express their concerns and provide comments and advice via email. The applicant checks the public email box periodically and, in a timely manner, transfers messages collected to the risk and performance department for review. The designated E&S coordinator in the risk and performance department is required to respond within a week. Significant messages will be reported to the applicant's Executive Committee.

36. The applicant provided its register which shows that it received no external enquiries or complaints during the three years prior to submitting its application.

37. The applicant's public consultation and disclosure policy and practice is not fully in line with the requirements of the GCF Information Disclosure policy, particularly in terms of the duration of the disclosure required for E&S information for Category B/1-2 projects. The applicant has therefore committed to apply the GCF Information Disclosure policy for projects financed using GCF resources.

38. The applicant provided a sample project which includes a grievance mechanism at the level of the applicant's own institution, as well as at the level of its executing entities.

3.3 Gender

39. The applicant provided its gender policy, which is in line with the GCF Gender policy. The applicant's commitment towards gender mainstreaming is also articulated in the applicant's ESRM Handbook, as one of its four overall core objectives, namely, to create opportunities for women and the disadvantaged to display their economic potential and to play key roles in stabilizing economic development and eradicating poverty.

40. The applicant provided a sample of three projects which demonstrate its capabilities in implementing, supervising and assessing the mitigation measures for E&S risks as well as gender aspects in projects. The applicant provided a selection of project documents as examples of its experience with gender and climate change. The project documents also show that the applicant's executing entities have non-discriminatory practices in terms of benefits and remuneration for both male and female employees.

IV. Conclusions and recommendation

4.1 Conclusions

41. Following its assessment, the AP concludes the following in relation to the application:

- (a) The applicant meets the specialized fiduciary standard for project management, but only partially meets the requirements of the GCF basic fiduciary standard because it does not have an adequately staffed internal audit function and has not provided evidence to show that it carries out assessments and oversight of the procurement procedures for the projects it finances;
- (b) The applicant partially meets the requirements of the interim ESS policy of the GCF in relation to the medium E&S risk (Category B/I-2). The applicant's policy and practice of disclosing E&S information for Category B/I-2 projects/programmes is not in line with that required by the GCF Information Disclosure policy; and
- (c) The applicant has demonstrated that it has competencies, policies and procedures in order to implement its gender policy, which is found to be consistent with the GCF Gender policy, and has demonstrated that it has experience with gender considerations in the context of climate change.

4.2 Recommendation on accreditation

42. The AP recommends, for consideration by the Board, applicant APL056 for accreditation as follows:

- (a) **Accreditation type:**

- (i) **Maximum size of an individual project or activity within a programme:** medium (including micro⁴ and small⁵);
 - (ii) **Fiduciary functions:**
 - 1. Basic fiduciary standards; and
 - 2. Specialized fiduciary standard for project management; and
 - (iii) **Maximum environmental and social risk category:** medium risk (Category B/I-2) including lower risk (Category C/Intermediation 3 (I-3)⁶); and
- (b) **Conditions:** the applicant will be required to submit to the AP, through the Secretariat, information on how it has complied with the conditions. The AP will thereafter assess whether the conditions have been met. This assessment will be communicated by the Secretariat, on behalf of the AP, to the Board for information purposes;
- (i) Conditions to be met prior to the first disbursement by the GCF for the first approved project/programme to be undertaken by the applicant:
 - 1. Provide documentary evidence of the establishment of an adequately staffed and fully functional internal audit unit; and
 - 2. Adopt a policy on the disclosure of E&S information consistent with the GCF Information Disclosure policy; and
 - (ii) Condition to be met on an annual basis for the three consecutive years starting from the date of the first disbursement by the GCF for an approved project/programme to be undertaken by the applicant:
 - 1. Provide documentary evidence of oversight and assessment of the procurement procedures of executing entities in GCF-funded projects/programmes funded by the GCF.
43. The applicant has been informed of the recommendation for accreditation, including the accreditation type and conditions, as identified in paragraph 42 above, and agrees to the recommendation.

4.3 Remarks

44. The AP reviewed the applicant's internal audit improvement plan and concluded that if the plan is fully implemented, the applicant will meet the condition identified in paragraph 42 (b) (i) 1 above.

⁴ As per annex I to decision B.08/02, "micro" is defined as "maximum total projected costs at the time of application, irrespective of the portion that is funded by the GCF, of up to and including USD 10 million for an individual project or an activity within a programme".

⁵ As per annex I to decision B.08/02, "small" is defined as "maximum total projected costs at the time of application, irrespective of the portion that is funded by the GCF, of above USD 10 million and up to and including USD 50 million for an individual project or an activity within a programme".

⁶ As per annex I to decision B.07/02, Category C is defined as "Activities with minimal or no adverse environmental and/or social risks and/or impacts" and Intermediation 3 is defined as "When an intermediary's existing or proposed portfolio includes financial exposure to activities that predominantly have minimal or negligible adverse environmental and/or social impacts".

Annex IV: Accreditation assessment of Applicant 057 (APL057)

Introduction

1. Applicant 057 (APL057), the Department of Environment (DOE) under the Ministry of Health and the Environment of the Government of Antigua and Barbuda, is a national entity and government agency whose core mandate is to perform its functions for sustainable environmental protection and management in Antigua and Barbuda, including the implementation of various multilateral agreements on environment and climate change.
2. The applicant submitted its application for accreditation to the Secretariat via the Online Accreditation System on 13 September 2016. The Stage I institutional assessment and completeness check was completed on 20 April 2017 and was progressed to the Stage II (Step 1) accreditation review, which has been concluded with the publication of this assessment. The applicant has applied to be accredited for the following parameters under the fit-for-purpose approach of the GCF:
 - (a) **Access modality:** direct access, national. The applicant received a national designated authority or focal point nomination for its accreditation application from Antigua and Barbuda;
 - (b) **Track:** fast-track under the Adaptation Fund;
 - (c) **Maximum size of an individual project or activity within a programme:** small;¹
 - (d) **Fiduciary functions:**²
 - (i) Basic fiduciary standards;
 - (ii) Specialized fiduciary standard for project management;
 - (iii) Specialized fiduciary standard for grant award and/or funding allocation mechanisms; and
 - (iv) Specialized fiduciary standard for on-lending and/or blending (for loans); and
 - (e) **Maximum environmental and social risk category:** medium risk (Category B/Intermediation 2 (I-2)).³

II. Stage I institutional assessment and completeness check

3. The applicant is eligible for, and applied under, the fast-track accreditation process as an Adaptation Fund accredited entity. Its application has been assessed by the Secretariat during

¹ As per annex I to decision B.08/02 (annex I to document GCF/B.08/45), “small” is defined as “maximum total projected costs at the time of application, irrespective of the portion that is funded by the GCF, of above USD 10 million and up to and including USD 50 million for an individual project or an activity within a programme”.

² Decision B.07/02.

³ As per annex I to decision B.07/02 (annex I to document GCF/B.07/11), Category B is defined as “Activities with potential mild adverse environmental and/or social risks and/or impacts that are few in number, generally site specific, largely reversible, and readily addressed through mitigation measures” and Intermediation 2 is defined as “When an intermediary’s existing or proposed portfolio includes, or is expected to include, substantial financial exposure to activities with potential limited adverse environmental or social risks and/or impacts that are few in number, generally site specific, largely reversible, and readily addressed through mitigation measures; or includes a very limited number of activities with potential significant adverse environmental and/or social risks and/or impacts that are diverse, irreversible, or unprecedented”.

Stage I in accordance with the requirements and gaps identified in decisions B.08/03 and B.12/30.⁴

2.1 Legal status, registration, permits and licences

4. The applicant provided documents on its establishment and licences to operate, where relevant, as a part of the application. The DOE, formerly known as the Environment Division, was formed in 1996 by a cabinet decision and was transformed into a department of the Government by the passage of the Environmental Protection and Management Act (EPMA) by the Parliament of Antigua and Barbuda. The main goal of this transformation was to provide the DOE with more authority and independence to obtain and manage financial resources, as well as to develop innovative and cost-effective programmes on climate change adaptation and mitigation specifically tailored to local circumstances.

2.2 Institutional presence and relevant networks

5. As a part of its mandate under the EPMA, the DOE is tasked with consolidating, into one legal regime, the coordination and implementation of the multilateral environmental agreements to which Antigua and Barbuda is a party, and to establish and make operational the framework financial mechanism to implement the EPMA (the Sustainable Island Resource Framework Fund (SIRF Fund)).

6. As the national focal point of Antigua and Barbuda to the United Nations Framework Convention on Climate Change, the applicant is responsible for the implementation of strategies to address climate change impacts in the country. In particular, the applicant coordinated the preparation of the country's nationally determined contribution for the Paris Agreement. Additionally, the applicant, as a government department, has been a coordinating body that works closely with over 15 key government agencies, civil society and private sector entities in Antigua and Barbuda.

7. In order to achieve the GCF objectives for effectiveness and efficiency, the applicant intends to pioneer direct access in the eastern Caribbean, to enhance climate resilience across the subregions in the country and to leverage funding through the SIRF Fund, which is the core business model of the applicant and is a national fund to catalyse internal and external funding sources to enable the country to meet its climate and sustainability goals in a coordinated, systematic and cost-effective manner.

2.3 Track record

8. The applicant has implemented programmes and projects in the context of different financial mechanisms of multilateral agreements on environment and climate change, such as the Adaptation Fund and the Special Climate Change Fund under the Global Environment Facility. Such projects include policy development and implementation; integrated approaches to renewable energy; energy efficiency; resilience building; wetlands and waterway protection and restoration; biodiversity protection and management; and structuring sustainable

⁴ At the time of the proposal for Board consideration to expand the list of entities potentially eligible for GCF fast-track accreditation in line with decision B.08/03 (document GCF/B.12/07), which was adopted in decision B.12/30, the applicant's name was the Environment Division. In a letter received by the Secretariat from the applicant in March 2017, the applicant indicated a change in the name from "Environment Division" to "Department of Environment" and a change in the title of the head of the Department, with all other details and structures of the Department remaining unchanged.

financing. These projects may fall within the GCF environmental and social (E&S) Category B/I-2 or lower E&S risk levels.

9. The applicant's track record in financing climate change related projects includes the following, which fall within the GCF small size category:
 - (a) USD 10 million (grant and receipt of loans) for An Integrated Approach to Physical Adaptation and Community Resilience in Antigua and Barbuda's Northwest McKinnon's Watershed;
 - (b) USD 15 million (receipt of loans) for the Hybrid Solar and Wind Power Project;
 - (c) USD 17 million (grant and receipt of loans) for Building Climate Resilience Through Innovative Financing Mechanisms for Climate Change Adaptation; and
 - (d) USD 30 million (grant and receipt of loans) for the International Renewable Energy Agency Project.

III. Stage II accreditation review assessment

10. The applicant is eligible for, and applied under, the fast-track accreditation process as an Adaptation Fund entity. Its application has been assessed by the Accreditation Panel (AP) during Stage II (Step 1) against the standards of the GCF in accordance with the requirements and gaps identified in decisions B.08/03 and B.12/30.
11. As part of this assessment, the AP consulted the applicant's website and third-party websites to complement the information provided in the application.

3.1 Fiduciary standards

3.1.1 Section 4.1: Basic fiduciary standards: key administrative and financial capacities

12. As per paragraph 10 above, the basic fiduciary standards concerning key administrative and financial capacities is considered to have been met by way of fast-track accreditation.

3.1.2 Section 4.2: Basic fiduciary standards: transparency and accountability

13. As per paragraph 10 above, the basic fiduciary standards concerning transparency and accountability of the accreditation application has been met by way of fast-track accreditation, with the exception of item 4.2.4, investigation function, and item 4.2.5, anti-money laundering and countering the financing of terrorism policies.
14. Regarding item 4.2.4 of the accreditation application, the applicant has an investigation function in place, including a transparent formalized process for the submission and handling of complaints and concerns regarding actual or suspected violations of national law and environmental regulations and actual or suspected violations of the applicant's internal policies for misconduct in the projects financed by the applicant. The whistle-blower protection policy and the mechanism that allows the public to launch complaints are available on a dedicated webpage.
15. With regard to investigation, reporting and the prosecution of fraud and corruption, the applicant follows the national legislation of Antigua and Barbuda that outlines the procedures for the receipt and investigation of the complaints, offences of fraud and corruption, and conducting corresponding inquiries and audits of the complaints. The legislation for the prevention of fraud and corruption establishes the relevant authorities to conduct the investigation process and decide on the follow-up measures.

16. The applicant has provided relevant audit reports for the years 2015–2016 and also a note on the investigation of two cases in the last three years, one of which was confirmed to be a case relating to a breach of fiduciary duties.

17. Regarding item 4.2.5 of the accreditation application, the applicant, as a government department, is regulated by the national anti-money laundering and countering the financing of terrorism acts, policies and procedures of Antigua and Barbuda. The applicant also complies with the national laws of Antigua and Barbuda with respect to prohibited practices. The definitions of the various prohibited practices are contained in a number of national laws of Antigua and Barbuda, and in general are found to be in line with the GCF interim policy on prohibited practices. Also, the reference to prohibited practices is included in the regulations of the applicant's SIRF Fund, the activities of which the applicant seeks to scale up using GCF resources.

18. Risk-based "know-your-customer" counterparty due diligence is carried out by the applicant's technical advisory committee through site visits and using templates to collect the necessary information on the credibility of the potential grants and loans beneficiaries, and on the eligibility of the potential grant award programme activities. The names of the organizations benefiting from the grants are made public on the applicant's website. Sample copies of recently undertaken "know-your-customer" due diligence reports and copies of the electronic transaction reports corresponding to the evaluated beneficiaries were provided.

19. The applicant has a sound mechanism for the approval and recording of the wire transfers, which targets payments that are undertaken through banking transactions. All purchases and goods and services received by the applicant have to be approved by the procurement committee, and the transfers occur in accordance with the procurement committee's decisions. The wire transfers are monitored by the authorized project coordinator for the respective approved project. Copies of the wire transfers to subcontractors, consulting services and for equipment purchases in accordance with the payment schedules within the projects were provided.

20. Due to the small amount of the payments, the applicant has not deemed it necessary to develop a complex in-house electronic payment system. However, the applicant's current system is considered adequate and acceptable by the AP given the size of the institution and the scale of projects/programme activities under the specialized fiduciary standard for project management, the specialized fiduciary criteria for grant award and/or funding allocation mechanisms and the specialized fiduciary criteria for on-lending and blending (for loans), such as micro loans under the applicant's SIRF Fund.

3.1.3 Section 5.1: Specialized fiduciary standard for project management

21. As per paragraph 10 above, the specialized fiduciary standard for project management is considered to have been met by way of fast-track accreditation.

3.1.4 Section 5.2: Specialized fiduciary standard for grant award and/or funding allocation mechanisms

22. The applicant's grant award mechanism procedural framework is found to be mature and well developed. The applicant has extensive experience of working with a number of multilateral organizations, including the World Bank, the Inter-American Development Bank, the Global Environment Facility and the Adaptation Fund and, regarding the existing initiatives, has developed a pilot enhanced direct access programme to replicate and scale up successful arrangements to contribute to the region's climate change preparedness. The enhanced direct access programme is developed to provide micro-financing to households and grants to non-governmental organizations to build the resilience of buildings, and to support public sector infrastructure projects to cope with climate-related impacts.

23. The SIRF Fund was established by the applicant in order to increase the cost-effectiveness of the enhanced direct access programme implementation. The SIRF Fund is regulated under newly adopted national legislation and is being operationalized with assistance from several donors via projects and some grants. This revolving fund serves the role of a treasury for grants and micro loans disbursed to public or non-governmental agencies. The applicant's role in implementing such a fund structure and its institutional capabilities have been assessed by the AP during the accreditation review and found to be in line with the requirements of the GCF specialized fiduciary standard for grant award and/or funding allocation mechanisms and the specialized fiduciary standard for on-lending and/or blending (for loans).

24. The environmental protection and management regulations of Antigua and Barbuda (2017) form the basis for grant management procedures and for the grants and revolving fund manual of the applicant. The manual includes clear standardized provisions for conducting calls for proposals, eligibility criteria for projects and potential grantees, evaluating proposals and awarding grants, due diligence procedures, and roles and responsibilities for grant proposal consideration, approval, disbursement and reporting.

25. The applicant's grant award management procedure includes: standardized provisions for the recovery of funds awarded to the grantees, in respect of expenditures which are unauthorized or fall outside the scope of the funding for the projects; procedures for the suspension, reduction or termination of grants in the event of the beneficiary failing to comply with its obligations; and systems to prevent irregularities in the use of grant funds. The relevant clauses on the conditions for the termination of grants and recovery of funds are included in the standardized grant agreement template.

26. The grant award programme is managed by the applicant through supporting manuals and tools that are to be used by its technical evaluation committee in the preparation of the recommendations on the grant awards to the applicant's general board of directors. The terms of reference and records of the work of the technical advisory committee, technical evaluation committee and the board of directors were provided and contain evidence of the competence and independence of their members and objectivity of their decision-making.

27. The applicant has provisions for the periodic review of its grant award activities and has provided examples of the monitoring and evaluation reports of the programmes implemented in the last five years. In addition, the applicant provided reports compiled by its donor partners (multilateral organizations) containing positive observations and conclusions on the performance of the applicant in respect of its management of projects and grant award programmes.

28. Although the applicant publishes information on grant award notices on its website, it does not have a formal procedure in place to provide public access to information on grant award decisions and grant award programme results. The applicant is currently in the process of finalizing the designated website to provide the relevant information on its grant award programmes and revolving fund operations. The development of the website is expected to be completed in September 2017. Therefore, in order to fully meet the GCF specialized fiduciary standard for grant award and/or funding allocation mechanisms and to demonstrate the effective implementation of the grant award procedure, the applicant would need to provide evidence of the public disclosure of grant award decisions and grant award programme results.

29. The applicant conducts close monitoring of the activities implemented under its grant award programme and undertakes regular site visits to support its beneficiaries before, during and after project/programme implementation. The applicant also disseminates best practices and maintains good relations with the grant awardees. A number of examples of such site visit reports were provided to demonstrate the effective implementation of the monitoring procedures.

30. Overall, following the assessment, the AP concludes that the grant award mechanisms implemented by the applicant are mature and well-established and can be applicable to GCF-funded activities subject to the development and implementation of the policy for the public disclosure of grant award decisions and grant award programme results.

3.1.5 Section 5.3: Specialized fiduciary standard for on-lending and/or blending

31. The applicant has established a micro-finance programme within the SIRF Fund. Specifically, it is a micro-financing revolving fund, which will provide loans at concessional rates directly to beneficiaries, which mainly comprise local households. The target group of the programme is vulnerable or “unbankable” households, who have limited income but have a desire to borrow to improve the resilience of their home or building to climate change. The loans will be provided for specific purposes to meet transformational policies, such as a new building code, or national laws related to climate change adaptation and mitigation. The loans will be unsecured, in the amount of less than USD 75,000 per loan, at 2 to 4 per cent interest, and with flexible repayment timeframes. The applicant is seeking to scale up this programme using GCF resources and is therefore applying for the specialized fiduciary criteria for on-lending and/or blending for loans. The applicant is authorized by the Government to conduct the revolving fund programme under the EPMA of 2015. The applicant will not use intermediaries for the programme, because the intermediary financial institutions may impose their rules and regulations that would make the vulnerable households ineligible for accessing traditional financing.

32. The applicant is currently establishing in-house capacity to support the programme. A designated team of specialists has been established to work on the loan applications, due diligence, site visits, consultations, monitoring and reporting.

33. The applicant has all of the necessary manuals and procedures in place to undertake due diligence, credit assessments and background checks on potential beneficiaries to ensure that borrowers have the capacity to repay and that the loan portfolio meets the objectives of this pilot programme – to assist vulnerable populations to adapt to climate change.

34. The applicant has established appropriate credit policies, internal control procedures, and procedures for evaluating loan applications. The relevant legislative and procedural framework documents, as well as a detailed financial analysis and financial model for the revolving fund, were provided.

35. In order to ensure the transparency and competency in the decision-making process of the SIRF Fund, the applicant has established multisectoral and multi-stakeholder technical review and decision-making committees, such as the SIRF Fund board and the loans board that include both members and observers from non-governmental organizations and the private sector.

36. The revolving fund programme’s financial risks are covered by the Ministry of Finance of Antigua and Barbuda, which provides the authorization to the applicant to manage financial and other risks. The applicant, on a quarterly basis, convenes risk assessment and monitoring meetings across units to update the risk registry.

37. The assets of the applicant belong to the Government of Antigua and Barbuda, and as such are managed on behalf of the Government to meet the EPMA requirements. The asset liability management is managed in-house by the applicant and is assisted by an assets and liabilities committee.

38. The treasury function of the applicant is managed by the accounts unit, and the operational function is managed by the project management unit, thus ensuring a clear separation between the two functions.

39. The applicant is planning to cooperate with the governments of the other smaller island States such as Dominica and Grenada on replicating the revolving fund model in the region. The revolving fund is considered by the AP to be a show case of the innovative financial approach to assist vulnerable communities in adapting to climate change in small island developing States and least developed countries.

40. Since the revolving fund has not yet been fully operationalized, there is no evidence of the publication of the beneficiaries and results of the programme. Therefore, the corresponding accreditation condition is recommended in paragraph 57(b) below.

3.2 Environmental and social safeguards

3.2.1 Section 6.1: Policy

41. The applicant is a government entity with a mandate to promote and steward environmental protection and management in the country. Its main mandate is the implementation and oversight of environmental and social standards of all development activities, as described in the EPMA of 2015, and the Physical Planning Act of 2004. The EPMA is umbrella national legislation that addresses environmental protection, conservation of biodiversity and natural resources, waste management, environmental management and monitoring, as well as multilateral environmental agreements. It sets the broad objectives and principles for sustainable development and for climate mitigation and adaptation. The EPMA also sets national environmental standards as well as international conventions ratified by the country.

42. The applicant has also submitted drafts of an environmental and social safeguards policy and a technical manual that are designed to guide the applicant's operations. The technical manual will serve as a comprehensive guide for projects and programmes, including those funded by international partners, while the policy documents provide an overview of environmental and social safeguard requirements laid out in various pieces of legislation. Both documents are scheduled for finalization and approval at the end of 2017.

43. The EPMA defines the mandate of the applicant, and its role in upholding the requirements and provisions of the EPMA. Roles and responsibilities of the applicant regarding project and programmes are further detailed in the draft technical manual.

3.2.2 Section 6.2: Identification of risks and impacts

44. The applicant follows the process laid out in the EPMA and the Physical Planning Act. The latter provides a list of types of project that require a full environmental impact assessment, and describes a screening process for projects not included in the list. The process is also described in the draft technical manual to be finalized at the end of 2017. Although these procedures do not explicitly categorize projects in the same manner as the GCF for E&S risk levels, projects are differentiated by the type of environmental impact assessment required, based on potential environmental impacts and risks.

45. Screening of environmental risks and impacts is conducted by the applicant's technical staff, as is the preparation of terms of reference for the environmental assessments. Screening and scoping tools are available in the draft technical manual. Furthermore, the applicant has adopted a risk management framework that encompasses a wide variety of risks, including political, institutional, financial and compliance (including environmental) risks. Overall project risks are assessed in the early stages of design and documented in a risk registry. The risk registry is reviewed by the applicant's project management committee and the technical advisory committee.

46. The applicant has provided evidence from the last three years of projects it has implemented that would fall into the GCF E&S risk Category B/1-2. This is considered sufficient evidence of its capacity and track record. With respect to the assessment of alternatives and associated facilities, the applicant's sample documents show sufficient experience. With regards to cumulative impact assessment, government legislation does not explicitly require cumulative impact assessments to be conducted for individual environmental and social impact assessments. Furthermore, the high cost and complex data requirements to analyse cumulative impacts have led the Government of Antigua and Barbuda to assume responsibility for addressing cumulative impacts through strategic environmental assessments and local area plans for watersheds.

3.2.3 Section 6.3: Management programme

47. The applicant has provided a draft technical manual, which was developed for the new organizational structure as the applicant transitions from a division to a department. The manual guides the management of projects as well as the mitigation of E&S risks and impacts. The applicant has stated that its draft technical manual will be updated to incorporate implications from: the upcoming ratification by the Government of Antigua and Barbuda of the Paris Agreement; internal organizational changes that the applicant is undergoing; and requirements that arise from the GCF accreditation. As the technical manual is an important element to guide the management of E&S mitigation efforts, it is important that the technical manual is finalized and approved by the applicant prior to the first disbursement by the GCF for an approved project/programme to be undertaken by the applicant if accredited.

3.2.4 Section 6.4: Organizational capacity and competency

48. Environmental and social safeguards has been a core function of the applicant since its days as a division within the Ministry of Health and the Environment. In its new, upgraded institutional status as a department, the environmental and social safeguards function will continue, and will make use of the institutional capacity and competence already established. A new organizational chart for the applicant has been provided in several documents, and a description of tasks related to the environmental and social management system is described in the draft technical manual.

49. The applicant has provided curriculum vitae showing competent technical staff, and demonstrates the applicant's experience in fostering long-term partnerships with reputable international and regional entities to provide long-term support for baseline data collection, E&S monitoring, project management, and so on. The partnerships and framework agreements were part of mitigation measures developed to overcome challenges in recruiting staff to the applicant organization, a result of being a small island nation.

3.2.5 Section 6.5: Monitoring and review

50. The applicant's draft technical manual describes the monitoring requirements expected of executing entities, as well as the applicant's role (as regulator) in conducting inspections to confirm compliance. Non-compliance is reported to the office of the Attorney General. In addition, the applicant has indicated that it uses a modified monitoring framework from an international development partner for all its programmes/projects. The applicant provided sample documents which demonstrate that the environmental and social safeguards monitoring is incorporated. In the applicant's organization, environmental monitoring is done by the Monitoring, Evaluation and Data Management Unit, and is supported by an environmental information/data management system.

3.2.6 Section 6.6: External communications

51. The applicant operates an external communications system that is available on its website, and has provided a sample of complaints from the public and how they were handled.
52. Specifically, for the disclosure of environmental documents, the applicant is prepared to implement the requirements of the GCF Information Disclosure policy for Category B/I-2 projects/programmes.

3.3 Gender

53. As part of the Government structure, the applicant is not mandated to have its own gender policy. Rather, it is required to follow national gender directives. Nonetheless, its draft technical manual has a section on a social and gender policy, which requires the applicant to comply with the gender requirements of major donors and financing entities, including the GCF.
54. All staff are sensitized to gender mainstreaming tools and techniques; and the applicant plans to establish a subcommittee on social and gender issues within the technical advisor committee that plays a critical role in project approval and monitoring. The applicant will also continue to foster strong relations with the Directorate for Gender Affairs, which is under the Ministry of Social Transformation, to provide technical support and oversight for gender mainstreaming.
55. The applicant has demonstrated experience in developing and implementing projects/programmes that benefit vulnerable groups, including women, young men, the elderly and those with physical disabilities. This includes a revolving fund that benefits poor households and small businesses (many led by women) to adapt to extreme weather conditions resulting from climate change.

IV. Conclusions and recommendation

4.1 Conclusions

56. Following its assessment and noting that the applicant has applied under the fast-track accreditation process, the AP concludes the following in relation to the application:
- (a) The applicant meets the requirements of the GCF basic fiduciary standards and specialized fiduciary standard for project management, and partially meets the requirements of the specialized fiduciary standard for grant award and/or funding allocation mechanisms and the specialized fiduciary standard for on-lending and/or blending (for loans). The applicant is working on the launch of the new website for the purpose of disclosing the detailed information on its grant programmes, and this is expected to be completed in September 2017. Consequently, the applicant could not provide evidence of the public disclosure of grant award decisions or of the grant award programme operation results and reports on the operation of the newly established SIRF Fund. Also, according to the new regulatory framework, the applicant must establish a technical evaluation committee to conduct the evaluation of the grant proposals. However, no records of the work of this newly formed committee so far have been provided;
- (b) The applicant partially meets the requirements of the interim environmental and social safeguards of the GCF in relation to the medium E&S risk (Category B/I-2). The final version of the technical manual and environmental and social safeguards policy that establishes the procedures and requirements related to environmental and social safeguards for projects/programmes have not yet been approved by the Government of Antigua and Barbuda; and

- (c) The applicant has demonstrated that it has competencies, policies and procedures in order to implement its gender policy, which is found to be consistent with the GCF Gender policy, and has demonstrated that it has experience with gender considerations in the context of climate change.

4.2 Recommendation on accreditation

57. The AP recommends, for consideration by the Board, applicant APL057 for accreditation as follows:

(a) **Accreditation type:**

(i) **Maximum size of an individual project or activity within a programme:**

1. Micro⁵ in relation to the specialized fiduciary standard for on-lending and/or blending (for loans); and
2. Small (including micro) in relation to the specialized fiduciary standard for project management and the specialized fiduciary standard for grant award and/or funding allocation mechanisms; and

(ii) **Fiduciary functions:**

1. Basic fiduciary standards;
2. Specialized fiduciary standard for project management;
3. Specialized fiduciary standard for grant award and/or funding allocation mechanisms; and
4. Specialized fiduciary standard for on-lending and/or blending (for loans); and

(iii) **Maximum environmental and social risk category:** medium risk (Category B/I-2) including lower risk (Category C/Intermediation 3 (I-3)⁶); and

(b) **Conditions:** the applicant will be required to submit to the AP, through the Secretariat, information on how it has complied with the conditions. The AP will thereafter assess whether the conditions have been met. This assessment will be communicated by the Secretariat, on behalf of the AP, to the Board for information purposes;

(i) Conditions to be met prior to the first disbursement by the GCF for the first approved project/programme to be undertaken by the applicant:

1. Provide evidence of having an approved procedure for the public disclosure of grant award decisions, which shall contain at least the following information:
 - a. Name, address and nationality (in case of individuals) or place of incorporation (in case of legal entities) of the beneficiary;
 - b. Purpose of the grant; and

⁵ As per annex I to decision B.08/02, “micro” is defined as “maximum total projected costs at the time of application, irrespective of the portion that is funded by the GCF, of up to and including USD 10 million for an individual project or an activity within a programme”.

⁶ As per annex I to decision B.07/02, category C is defined as “Activities with minimal or no adverse environmental and/or social risks and/or impacts” and intermediation 3 is defined as “When an intermediary’s existing or proposed portfolio includes financial exposure to activities that predominantly have minimal or negligible adverse environmental and/or social impacts”.

Annex V: Accreditation assessment of Applicant 058 (APL058)

I. Introduction

Applicant 058 (APL058), the Fiji Development Bank (FDB), is a national public sector entity and Government-owned development bank based in Fiji. The applicant's main objectives are to facilitate and stimulate the promotion and development of natural resources, transportation and other industries and enterprises in Fiji and to give special consideration and priority to the economic development of the rural and agricultural sectors of the economy.

2. The applicant submitted its application for accreditation to the Secretariat via the Online Accreditation System on 27 December 2015. The Stage I institutional assessment and completeness check was completed on 13 May 2017 and was progressed to the Stage II (Step 1) accreditation review, which has been concluded with the publication of this assessment. The applicant has applied to be accredited for the following parameters under the fit-for-purpose approach of the GCF:

- (a) **Access modality:** direct access, national. The applicant received a national designated authority nomination for its accreditation application from Fiji;
- (b) **Track:** normal track;
- (c) **Maximum size of an individual project or activity within a programme:** small;¹
- (d) **Fiduciary functions:**²
 - (i) Basic fiduciary standards;
 - (ii) Specialized fiduciary standard for project management; and
 - (iii) Specialized fiduciary standard for on-lending and/or blending (for loans, equity and guarantees); and
- (e) **Maximum environmental and social risk category:** medium risk (Category B/Intermediation 2 (I-2)).³

II. Stage I institutional assessment and completeness check

3. The applicant applied under the normal track accreditation process, and was assessed by the Secretariat during Stage I.

2.1 Legal status, registration, permits and licences

¹ As per annex I to decision B.08/02 (annex I to document GCF/B.08/45), "small" is defined as "maximum total projected costs at the time of application, irrespective of the portion that is funded by the GCF, of above USD 10 million and up to and including USD 50 million for an individual project or an activity within a programme".

² Decision B.07/02.

³ As per annex I to decision B.07/02 (annex I to document GCF/B.07/11), Category B is defined as "Activities with potential mild adverse environmental and/or social risks and/or impacts that are few in number, generally site specific, largely reversible, and readily addressed through mitigation measures" and Intermediation 2 is defined as "When an intermediary's existing or proposed portfolio includes, or is expected to include, substantial financial exposure to activities with potential limited adverse environmental or social risks and/or impacts that are few in number, generally site specific, largely reversible, and readily addressed through mitigation measures; or includes a very limited number of activities with potential significant adverse environmental and/or social risks and/or impacts that are diverse, irreversible, or unprecedented".

4. The applicant provided documents on its establishment and licences to operate, where relevant, as a part of the application. FDB was established in 1967 under Chapter 214 of the Laws of Fiji (Fiji Development Bank Act). The applicant indicated that it does not require a business permit or licence to operate as per the Act.

2.2 Institutional presence and relevant networks

5. All capital stock of the applicant is for the sole account of the Government of Fiji, and it has a strong presence at the national level with an emphasis on the social impacts of development assistance. This presence and focus have allowed the applicant to reach vulnerable groups and various beneficiaries including the private sector and to contribute to national policies through the projects it finances.

6. In order to advance the objectives of the GCF, the applicant intends to implement initiatives that have direct and positive impacts on climate change mitigation and adaptation. Particularly, it plans to promote:

- (a) Renewable energy: conversion of electricity generation from fossil fuel to renewable resources such as solar, hydro, biomass, biogas, wind and geothermal systems;
- (b) Energy efficiency in the housing sector; and
- (c) Reduction of carbon emissions through new technologies in the marine transport sector.

2.3 Track record

7. As a development bank, the applicant places a high value on environmental and social impacts. The applicant has undertaken relevant projects such as financing sustainable energy, providing guarantees for solar photovoltaic systems for rural areas, and providing micro loans to beneficiaries in the rural and agricultural sector.

8. The applicant's track record in financing climate change-related projects includes the following, which fall within the GCF micro size category:

- (a) USD 10 million (loans) for the Vuda Renewable Power Development project;
- (b) USD 2.5 million (loans) for the Risk Sharing Fund under Sustainable Energy Financing project;
- (c) USD 2 million (loans) for Agri Finance Scheme; and
- (d) EUR 29,018 (guarantee) for the project Improving reliable access to modern energy services through solar photovoltaic systems for rural areas (outer islands) of Tuvalu.⁴

III. Stage II accreditation review assessment

9. The applicant applied under the normal track accreditation process, and was assessed against the standards of the GCF by the Accreditation Panel (AP) during Stage II (Step 1).

10. As part of this assessment, the AP consulted the applicant's website and third-party sources to complement the information provided in the application.

3.1 Fiduciary standards

⁴ The guarantee was provided to a limited liability company registered in Fiji.

3.1.1 Section 4.1: Basic fiduciary standards: key administrative and financial capacities

11. The applicant's general, administrative and financial management operations are governed by its code of corporate governance (2012) which describes the responsibilities and obligations of the applicant's board and its subcommittees, management and its employees. The applicant's board is appointed by the Government (Ministry of Finance), and the board sets the strategic direction within the framework of its mandate and monitors operational performance. Business operations have been delegated to the executive management of the applicant under the leadership of the Chief Executive Officer. The governance structure provides for three board subcommittees, namely: the Audit Committee; the Credit Risk Committee; and the Human Resources Committee. The applicant's executive committee functions as the asset and liability committee, and reports to the applicant's board on a quarterly basis. The applicant's board is required to meet monthly and its subcommittees quarterly. The applicant confirmed that the frequency of meetings held by its board subcommittees has been addressed during the current financial year in order to bring the frequency in line with its policy.

12. The applicant has provided its board charter (2008), Credit Risk Committee charter (2010) and a terms of reference for its Human Resources Committee (2010). Given that the applicant's operations have been subject to a number of lending cycles and lessons learned since their drafting, the AP considers that these would benefit from a strategic review. The Credit Risk Committee charter is a specific case in point.

13. The applicant has provided evidence of its strategic plan for the current planning cycle and the associated action plans across six themes, including progress towards achieving the plan.

14. The applicant has provided its audited financial statements as contained in the Annual Financial Report which have been prepared in accordance with the International Financial Reporting Standards and the Reserve Bank of Fiji Guidelines. The Office of the Auditor General is mandated to audit the financial statements of the applicant. Moreover, the Office of the Auditor General has the authority to appoint an external audit firm to conduct the audit on its behalf. The applicant confirmed that its annual financial statements have been audited by an external auditor appointed by the Office of the Auditor General.

15. The internal audit function is required to adhere to the Institute of Internal Auditors' mandatory guidance including the definition of internal auditing, the Code of Ethics, and the International Standards for the Professional Practice of Internal Auditing. Internal audit reports functionally are sent to the applicant's board Audit Committee and administratively to the Chief Executive Officer. The applicant has provided evidence of audit procedures and the ongoing activities of the internal audit function, including its annual audit plan, which includes mandatory annual audits of the key functions of the applicant and audit findings. Moreover, the applicant has demonstrated that it monitors audit findings and highlights for the attention of management where the audit findings have not been satisfactorily addressed.

16. The key issue in the applicant's capacity to meet the GCF basic fiduciary standard for key administrative and financial capacities is the lack of an enterprise-wide risk management and control framework. The applicant has provided a draft terms of reference and timelines to demonstrate that it has formally commenced work on addressing this gap. Given that the above-mentioned enterprise-wide framework will be implemented and demonstrated over time, the AP recommends that the GCF engagement (e.g. project origination, appraisal, monitoring and relationship management) be conducted via the Corporate Branch. The applicant has advised that this will be accommodated.

17. Regarding procurement, the AP notes that the applicant's systems do not provide for an assessment of procurement systems of the entities it provides funding to; however, it has indicated that it would be willing to introduce such processes. The applicant will be required to provide policy guidelines to ensure that the procurement processes for all of the projects it

finances are fair and transparent, that they provide for a dispute resolution process and that awards are publicly disclosed.

3.1.2 Section 4.2: Basic fiduciary standards: transparency and accountability

18. The applicant has recently updated and improved its website and is making progress in addressing its level of transparency. In this regard it has included a complaints mechanism that is publicly available to guide the process for reporting complaints, including guidance for the purposes of reporting matters of fraud and corruption.

19. The applicant is guided by the country reporting requirements in applying its guidelines on anti-money laundering and countering the financing of terrorism. The Financial Transaction Reporting Act of Fiji requires that the applicant appoint a senior officer responsible for ensuring the applicant's compliance with the Act, the scope of which includes, among other things, reporting certain transactions above 10,000 Fiji dollars (FJD) to the Fiji Financial Intelligence Unit. The applicant has provided evidence of its reporting and the job description of the person responsible for the function. The above reporting requirement is contained in the applicant's financial control policy and procedure. However, the applicant's guidelines and processes for anti-money laundering and countering the financing of terrorism require further development to meet the GCF interim policy for prohibited practices.

3.1.3 Section 5.1: Specialized fiduciary standard for project management

20. The applicant's lending activities consist mainly of providing working capital loans across a number of sectors. The applicant has provided evidence of the policies and procedures associated with its mandate. The appraisal processes provide for a credit assessment methodology, which culminates in a credit quality rating (A-I) and a credit risk rating (1-9). The applicant's monitoring standards are guided by the outcome of the credit assessment.

21. The applicant has demonstrated its ability to incorporate technical, financial, economic and legal aspects into its lending operations, including key performance indicators. However, the AP noted that the applicant's procedures provide for exceptions from its policy, and the applicant has an embedded process in its procedures to accommodate exceptions. These exceptions could include relaxing security requirements, less emphasis on track record, extended terms of loans and so on. Moreover, the applicant has indicated that, given its development mandate, exceptions do indeed occur and information supporting that exceptions occur frequently has been observed by the AP. Generally, exceptions are rated as a high risk on the credit rating scale, which results in an elevated level of monitoring in line with the applicant's credit risk categorization procedure. In addition, the consequence of the frequent application of the exceptions could be one of the reasons that the applicant's loan portfolio is concentrated at the lower end (high risk) of the rating scale.

22. The applicant has provided evidence of its monitoring procedures, which are also linked to the credit rating methodology; however, some gaps in the implementation of the applicant's monitoring processes is evident and this has also been highlighted in an independent credit review that was commissioned by the applicant in 2015. The findings and recommendations of the credit review are very relevant for assuring the sustainability of the applicant's operations and are being addressed by its management. The recommendation related to a review of the applicant's credit policy is of particular relevance and reporting on the management's progress in addressing the findings have been included as part of the accreditation conditions recommended by the AP.

23. The AP notes that there is a significant emphasis on turnaround time for loan approvals, which is a key performance indicator; however, this might be contributing to added pressure on the approval of loans without the necessary time to complete the required level of due diligence.

The AP suggests that the applicant might reconsider the emphasis on this key performance indicator, at least until such a time as it has reviewed its credit policy.

24. The applicant has provided evidence of its project-at-risk system, which is linked to its credit risk categorization procedure, as described in paragraph 21 above. Downgrading a loan to a non-performing status results in the migration of the loan to an asset management unit, which is separate from the monitoring function. The AP notes that recommendations regarding further development of the applicant's project-at-risk systems have been included in the credit review.

3.1.4 Section 5.2: Specialized fiduciary standard for grant award and/or funding allocation mechanisms

25. The applicant did not apply for accreditation against this standard at this time.

3.1.5 Section 5.3: Specialized fiduciary standard for on-lending and/or blending

26. The applicant has demonstrated its track record of on-lending and/or blending operations, which mainly consists of loans to small and medium-sized enterprises in the form of working capital loans, and a few larger clients in the tourism sector. However, its internal project finance capabilities are limited and, where required, it supplements its in-house resources with external expertise and guidance. The applicant has only partially demonstrated its track record with equity and guarantees, and the AP considers that any programme that includes these financial instruments should include an elevated level of due diligence and monitoring by the applicant and the GCF.

27. The applicant has provided evidence of its intermediated micro loans project, which includes a focus on women. Although the appraisal and subsequent recommendation for approval included exceptions to the applicant's credit policy, these have been transparently highlighted and motivated in accordance with the applicant's processes, which provide for exceptions to its policy. Moreover, the applicant has provided evidence of its monitoring of the project (as opposed to relying on monitoring reports of the financial institution).

28. Public access to information on projects and beneficiaries of projects/programmes that the applicant has financed is very limited and the applicant has indicated that information on the projects it finances is generally subject to non-disclosure provisions. The applicant will be required to draft and approve an information disclosure policy that meets the requirements of the GCF fiduciary standard for on-lending and/or blending, including information on the periodic monitoring and projects financed by the applicant.

29. The applicant's credit framework is guided by the Reserve Bank of Fiji, which requires that the applicant has credit risk grading systems that provide for the classification of its portfolio of loans and other credit facilities (including off-balance sheet exposures) according to a minimum of five categories (levels) of credit risk. The applicant's rating system provides for this credit risk categorization approach, as described in paragraph 21 above. The system includes a process for the identification, monitoring and rehabilitation of non-performing assets. However, given that the applicant is a development bank with a significant focus on sectors that generally cannot access commercial finance, the AP noted that the resulting rating distribution is concentrated at the lower end of creditworthiness, resulting in a significant level of underperforming loans.

30. To address the above-mentioned rating distribution, the applicant proactively procured the services of an independent external consultant in 2015 to undertake a credit review of its lending portfolio. The review concluded that the applicant's rating system is in line with international standards; however, the application of this system – given the nature of its target market and mandate – would benefit from a review of its credit policy. Other recommendations

from the review are being addressed by the applicant's management and, given the relevance of such recommendations for the applicant's sustainability, the applicant will be required to report on progress in implementing the recommendations. This includes providing the revised credit policy and procedures to provide for the move to becoming a deposit-taking institution.

31. The applicant does not have a fully developed risk management framework; however, it has provided a draft overview of the scope of work associated with the development of the enterprise-wide risk management framework, which includes addressing the control framework. This framework is anticipated to be implemented by mid-2018.

32. The applicant has provided evidence of its financial control policies and procedures which demonstrate that the applicant has systems in place to ensure sound investment management.

33. Evidence of the applicant's asset and liability meetings was provided, including evidence of its strategies to manage these risks. The limited extent to which risks can be managed in the context of the country and the applicant's access to funds are noted by the AP, as is the applicant's ability to request support from the Government of Fiji for impacts on its portfolio arising from foreign exchange and other exposures.

3.2 Environmental and social safeguards

3.2.1 Section 6.1: Policy

34. The applicant's environmental and social management system (ESMS) is embedded in its lending manual, which guides the applicant in complying with the National Environmental Management Act of 2005, the National Environmental Impact Assessment Process Regulation of 2007, the environment management plan template, the national environmental impact assessment guidelines and the national environmental strategy. The National Environmental Management Act is umbrella legislation for the protection of natural resources and the control and management of development, waste and pollution. However, as the applicant's ESMS and related practices (or lack of) do not reflect the environmental and social risks and impacts contained in the Performance Standards 1 to 8 of the GCF interim environmental and social safeguards (ESS) for Category B/I-2. The applicant has indicated that it intends to develop a new ESS policy and related implementation guidelines in accordance with the GCF interim ESS in the coming months that will govern its lending operations.

35. The Department of Environment (DoE), which is part of the Ministry of Local Government, Housing, Urban Development and Environment of the Government of Fiji, is responsible for screening and assigning environmental and social (E&S) risk categories for the applicant, as well as supervising and monitoring the applicant's projects. The applicant indicated that it will seek a memorandum of understanding with the DoE to further reaffirm and strengthen the relationship and division of labour between the two institutions regarding the sharing of expertise and in the implementation of existing procedures subject to the national ESS legislation. The applicant's conformance to the new ESS policy that it intends to develop will be the joint responsibility of the heads of the applicant and the DoE. The applicant's management has committed to ensure that its staff who are involved in projects financed by the GCF will undergo appropriate training and skill upgrading with respect to E&S policies, procedures and standards.

3.2.2 Section 6.2: Identification of risks and impacts

36. The applicant's E&S risks and impacts identification and assessment, including an E&S risk categorization framework, is described in the National Environment Impact Assessment Process Regulation of 2007 and national environmental impact assessment (EIA) guidelines. These describe the E&S due diligence and assessment procedures that the applicant is required to follow. The applicant also provided a list of projects that typically would fall within the E&S

risk Category B/Intermediation 2 and Category C/Intermediation 3 (I-3),⁵ illustrating the application of its E&S risk screening process. However, the applicant could not provide evidence of the actual application of its E&S risk and impacts identification process, including E&S risk categorization, particularly for an E&S risk Category B/I-2 project/programme. Although the applicant provided a sample project document which addresses E&S impacts, it does not have a detailed assessment of the E&S risk categorization process, as required in the GCF accreditation framework⁶ and the GCF interim ESS. The applicant has indicated that this requirement, including the responsibilities and the skills of the staff that undertake E&S risk categorization, will be addressed in its new ESS policy that is expected to be submitted in the coming months.

3.2.3 Section 6.3: Management programme

37. The DoE's EIA guidelines describe the requirements for addressing the E&S mitigation measures stemming from the applicant's identification of E&S risks and assessment of its projects. All of the applicant's loans, including those categorized as minimal to no E&S risk (Category C/I-3), are required to develop an environmental management plan (EMP). For higher E&S risk (Category B/I-2 and higher), the applicant adheres to its National Environmental Management Act of 2005, which requires project proponents to develop an EIA. The DoE has the overall management and clearance issuance responsibility, including the responsibility for E&S risk categorization and development of the terms of reference for EIAs and EMPs. The project proponent is required to ensure that they abide by DoE policies and practices. The applicant's loan officers are responsible for ensuring that all EIAs, EMPs and environmental clearances are well documented and made available to its management. Although the applicant has the appropriate procedures for E&S mitigation and management, the AP noted that these do not reflect Performance Standards 1 to 8 of the GCF interim ESS. The applicant provided a sample EIA for a resort development project; however, the EIA narrative does not reflect Performance Standards 1 to 8 of the GCF interim ESS. The applicant could not provide adequate evidence in the form of sample EMPs reflecting application of its E&S mitigation and management procedure, particularly for an E&S risk Category B/I-2 project/programme. The applicant's new ESS policy, which is expected to be developed in the coming months, should address this gap and should be applied to projects the applicant undertakes financed using GCF resources.

38. The applicant has not conducted an internal audit of the effectiveness of its ESMS. However, the applicant has indicated that as part of its holistic ESMS framework development, the internal audit of the effectiveness of management of its ESMS would be conducted for projects financed using GCF resources.

3.2.4 Section 6.4: Organizational capacity and competency

39. The applicant has not provided an organizational chart or an organizational structure that defines roles, responsibilities and authority to implement its current or proposed ESMS, which includes its senior management. The organizational structure that the applicant provided does not indicate any designated staff or their responsibilities relating to E&S matters in the applicant's operations. The applicant's specific requirements for loan officers and their interaction with the DoE in the ESS process can be found in the applicant's lending manual. The applicant's manager of the Enterprise Risk Business Development Unit, which is currently handling the GCF accreditation application, will also be involved in the recruitment of the technical officer (ESS and gender specialist), whose job description will be similar to that of the DoE officer and project officer with lending, project development, monitoring and evaluation expertise. The technical officer will assess and process GCF-funded projects and directly report

⁵ As per annex I to decision B.07/02, Category C is defined as "Activities with minimal or no adverse environmental and/or social risks and/or impacts" and Intermediation 3 is defined as "When an intermediary's existing or proposed portfolio includes financial exposure to activities that predominantly have minimal or negligible adverse environmental and/or social impacts".

⁶ Annex I to decision B.07/02.

to the applicant's risk committee and its board. The applicant has indicated that this officer will work with the DoE on the EIA and other environmental matters. The applicant has committed to provide its organizational structure to implement its new ESS policy in the coming months.

3.2.5 Section 6.5: Monitoring and review

40. The DoE's EIA guidelines contain the information on E&S monitoring and reporting requirements. The applicant has indicated that monitoring guidelines are developed for every project. Depending on the terms of reference, the monitoring plan could be a component of the EIA or the EMP. The monitoring plan outlines the frequency of monitoring and the monitoring tools to be used and, more importantly, specifies the personnel or organization responsible for undertaking the monitoring task or for reviewing the results of monitoring. The applicant has stated that the DoE provides monitoring and supervision while the applicant's senior management perform spot checks and unannounced field visits to sites regularly visited by the DoE inspectors. However, the applicant could not provide a document that describes in more detail the roles and responsibilities of the DoE in conducting monitoring of E&S matters in the applicant's projects, indication of whom the DoE submits its monitoring reports to and what the subsequent actions are. The applicant also could not provide evidence that the relevant DoE staff have the knowledge of Performance Standards 1 to 8 of the GCF interim ESS to carry out effective supervision and monitoring of the applicant's projects. Furthermore, the applicant could not provide a sample of DoE monitoring reports of the applicant's projects. Although one construction monitoring plan and some weekly monitoring plans were provided, these do not reflect the Performance Standards 1 to 8 of the GCF interim ESS. The applicant also has not clarified the roles and responsibilities of the applicant's own staff in monitoring and reporting on environmental management actions. The applicant indicated that all of the monitoring and reporting on ESS matters, including the demarcation of responsibilities and skills and competencies required between its own institution and that of the DoE will be addressed in its new ESS policy to be developed in the coming months.

3.2.6 Section 6.6: External communications

41. The applicant has not provided any information on its external communication channels such as a website that allow the applicant to: receive and register external communications from the public; screen and assess issues raised and determine how to address them; and provide, track and document responses. The applicant's website only has a section on customer complaints. The applicant provided its complaint guidelines, but these do not specifically mention anything about E&S-related matters. The applicant also provided a log of complaints received, but they are mostly found to be related to the applicant's commercial customer services and none are on E&S-related matters on its projects.

42. The applicant has a policy on the public disclosure of E&S information for E&S risk Category B/I-2 for 21 days in advance of project consideration by its board. However, the duration of public disclosure is not in line with the requirements of the GCF Information Disclosure policy for the public disclosure of E&S information for E&S risk Category B/I-2 projects/programmes. The applicant has indicated that it will develop a policy on the public disclosure of E&S information to be in line with the GCF Information Disclosure policy in due course. However, it should be noted that for E&S risk Category C/I-3, public disclosure of E&S information in advance of consideration by the GCF or the applicant's board is not required.

3.3 Gender

43. The applicant provided its draft gender policy and has recognized that it is not yet in line with the requirements of the GCF Gender policy. The applicant has stated that it will be working in consultation with a gender specialist on further development of the policy to conform to the national gender policy, as well as to the requirements of the GCF Gender policy. It expects to complete the policy by the end of October 2017 following internal and public consultations. The

applicant has stated that its gender policy will indicate its intention to secure and formalize non-discriminatory practices in all of its future projects, including GCF-funded projects/programmes. The applicant indicated its intention to identify and nominate personnel responsible for the development and implementation of its gender policy and related practices.

44. As of January 2017, the number of loans made directly to women totalled 491, comprising over FJD 20 million of the applicant's overall lending portfolio. Several of these loans include mitigation or adaptation-related initiatives; for example, funding to women to purchase solar equipment to start a store or business in a remote area (ranging from resort ownership to running a small village store). One key example of the applicant's involvement with climate change and gender financing involves sustainable energy financing, which is part of the Government of Fiji's plan to convert electricity generation from fossil fuel to renewable sources and to reduce fuel imports. Sustainable energy financing supports key renewable energy systems, including solar photovoltaic systems, pico (a hydro system and fuel switching system where coconut oil will be used as a diesel fuel alternative for generating electricity), wind, biomass, biogas, wave, tide and geothermal systems.

IV. Conclusions and recommendation

4.1 Conclusions

45. Following its assessment, the AP concludes the following in relation to the application:
- (a) The applicant partially meets the requirements of the basic fiduciary standards, specialized fiduciary standard for project management and specialized fiduciary standard for on-lending and/or blending for loans, equity and guarantees in relation to the GCF micro size category⁷ only, and not for the GCF small size category. The main gaps are as follows: an enterprise-wide risk management framework; internal controls; public disclosure; third-party procurement standards; principles of prohibited practices; monitoring and application of the applicant's credit methodology; and an independent evaluation function. However, the applicant has demonstrated that for the most part it is proactively addressing these gaps. It should be noted that the applicant has a development mandate and as such the nature of its portfolio is transparently targeted to riskier projects and, therefore, it would benefit from blending GCF funds to enhance its ability to fund climate change-related projects. Regarding equity and guarantees, the applicant has not provided any significant information to demonstrate its track record, although the applicant offers two guarantee products and has relevant procedures for providing such offerings. The inclusion of these financial instruments as part of the AP's recommendation, therefore, provides for an elevated level of due diligence and monitoring of these instruments;
 - (b) The applicant partially meets the requirements of the GCF interim ESS in relation to the minimal to no E&S risk (Category C/I-3). The applicant's current ESMS, which is largely based on its national E&S regulations, is not in line with the GCF interim ESS in a number of respects, as described in section 3.2 above. The applicant does not meet the requirements of the GCF interim ESS in relation to the medium E&S risk (Category B/I-2); and
 - (c) Neither the applicant's current gender policy nor the competencies required to implement its gender policy are consistent with the GCF Gender policy. However, the

⁷ As per annex I to decision B.08/02, "micro" is defined as "maximum total projected costs at the time of application, irrespective of the portion that is funded by the GCF, of up to and including USD 10 million for an individual project or an activity within a programme".

applicant has provided sample of project documents as evidence of its experience in lending to both men and women, as well as with gender considerations in the context of climate change in its lending operations. The applicant has agreed to update its gender policy and develop associated procedures as well as the required competencies to implement its new gender policy.

4.2 Recommendation on accreditation

46. The AP recommends, for consideration by the Board, applicant APL058 for accreditation as follows:

- (a) **Accreditation type:**
- (i) **Maximum size of an individual project or activity within a programme:** micro;
 - (ii) **Fiduciary functions:**
 - 1. Basic fiduciary standards;
 - 2. Specialized fiduciary standard for project management; and
 - 3. Specialized fiduciary standard for on-lending and/or blending (for loans, equity and guarantees); and
 - (iii) **Maximum environmental and social risk category:** minimal to no risk (Category C/Intermediation 3 (I-3)); and
- (b) **Conditions:** the applicant will be required to submit to the AP, through the Secretariat, information on how it has complied with the conditions. The AP will thereafter assess whether the conditions have been met. This assessment will be communicated by the Secretariat, on behalf of the AP, to the Board for information purposes;
- (i) Conditions to be met prior to the submission of the first funding proposal to the GCF:
 - 1. Develop its information disclosure policy and provide evidence of an established system of disclosure which complies with the requirements of the GCF fiduciary standard for on-lending and/or blending for the disclosure of project/programme information, including providing access to information on the applicant's website;
 - 2. Provide an anti-money laundering and countering the financing of terrorism policy consistent with the GCF interim policy on prohibited practices, including providing access to this policy on the applicant's website. Furthermore, the applicant is required to provide evidence of an established system mainstreamed in its lending manuals to ensure consistency with the GCF interim policy on prohibited practices both for its own operations and that of its executing entities for projects/programmes financed by the GCF. This includes making provision for prohibited practices in financing agreements and the procurement of goods and services, where relevant;
 - 3. Provide an organizational chart indicating where the designated staff members responsible for making E&S risk categorization decisions are located in the organization and their reporting lines; and
 - 4. Finalize and provide the new gender policy that is under development and identify the associated procedures, tools and competencies required to implement the gender policy; and

- (ii) Conditions to be met prior to the first disbursement by the GCF for the first approved project/programme to be undertaken by the applicant:
1. Provide evidence of the establishment of an external communication channel, which may include a website to receive, register and respond to any E&S-related complaints;
 2. Complete the design of, and integrate in its operations (strategy, policy, procedures, systems), the applicant's enterprise-wide risk management and control framework as anticipated in the applicant's Enterprise Wide Risk Management Development and Implementation Plan, including provision within the control framework for an independent evaluation function which reviews the applicant's Credit Assessment Memorandum;
 3. Develop a procurement policy for GCF-funded projects/programmes which is disclosed on the applicant's website, and mainstream the policy in the applicant's lending manuals to ensure that the procurement processes for all of the projects financed by the GCF are fair and transparent, promote efficient procurement and provide for a dispute resolution process and public disclosure of contract award;
 4. Provide a written progress report from the applicant's management to demonstrate the steps the applicant has taken to address all of the recommendations of the independent credit review. The progress report should, among other things, include:
 - a. A thorough risk audit prior to any new activities being commenced, which would include the plans to become a deposit-taking institution and the re-introduction of any new micro-finance lending activities by the applicant; and
 - b. An update or completed review of the applicant's credit policy, which should include further guidance on the exceptions to the applicant's credit policy; and
 5. Update the terms of reference of the credit risk subcommittee of the applicant's board;
- (iii) Conditions to be met on an annual basis for three consecutive years starting with the applicant's financial year 2017/2018:
1. Provide an annual audit plan and an annual audit report including an external audit of the first GCF-funded project, if any and, if different, of the first GCF-funded project that involves guarantees and equity investments by and from the GCF, respectively, once the project is under implementation, and a final independent evaluation. The period of reporting may be extended depending on the commencement date of the project(s); and
 2. Provide progress reports on the items mentioned in the credit review, as listed in paragraph 47(b) (ii) 4 above.

47. The applicant has been informed of the recommendation for accreditation, including the accreditation type and conditions, as identified in paragraph 47 (b) above, and agrees to the recommendation.

4.3 Remarks

48. The applicant may wish to consider demonstrating a greater degree of ESMS maturity by building its experience in implementing higher risk projects and programmes, and through a system for public disclosure of E&S risk information. Regarding building its experience in implementing higher E&S risk projects and programmes, the applicant may, in the future, wish to consider applying for an upgrade in its accreditation scope for the medium E&S risk Category B/I-2.
49. The applicant has confirmed that the GCF engagement will be initiated, developed, appraised and monitored by the Corporate Division of the applicant.
50. The applicant is encouraged to seek readiness and preparatory support where applicable to assist it with meeting the conditions identified in paragraph 47 (b) (i)-(ii) above.
51. The applicant is already taking steps to meet the conditions identified in paragraph 47 (b) (ii) 2-3 above.

Annex VI: Accreditation assessment of Applicant 059 (APL059)

Introduction

1. Applicant 059 (APL059), the Palli Karma-Sahayak Foundation (PKSF), is a national public sector direct access entity working as a sustainable platform for government to non-government organization collaboration based in Bangladesh, with a mission of sustainable poverty eradication in Bangladesh by undertaking multidimensional human-centered development programmes.
2. The applicant submitted its application for accreditation to the Secretariat via the Online Accreditation System on 14 November 2015. The Stage I institutional assessment and completeness check was completed on 2 February 2017 and was progressed to the Stage II (Step 1) accreditation review, which has been concluded with the publication of this assessment. The applicant has applied to be accredited for the following parameters under the fit-for-purpose approach of the GCF:
 - (a) **Access modality:** direct access, national. The applicant received a national designated authority nomination for its accreditation application from Bangladesh;
 - (b) **Track:** normal track;
 - (c) **Maximum size of an individual project or activity within a programme:** small;¹
 - (d) **Fiduciary functions:**²
 - (i) Basic fiduciary standards;
 - (ii) Specialized fiduciary standard for project management;
 - (iii) Specialized fiduciary standard for grant award and/or funding allocation mechanisms; and
 - (iv) Specialized fiduciary standard for on-lending and/or blending (for loans); and
 - (e) **Maximum environmental and social risk category:** minimal to no risk (Category C/Intermediation 3 (I-3)).³

II. Stage I institutional assessment and completeness check

3. The applicant applied under the normal track accreditation process, and was assessed by the Secretariat during Stage I.

2.1 Legal status, registration, permits and licences

4. The applicant provided documents on its establishment and licences to operate, where relevant, as a part of the application. PKSF was established by the Government of Bangladesh in

¹ As per annex I to decision B.08/02 (annex I to document GCF/B.08/45), “small” is defined as “maximum total projected costs at the time of application, irrespective of the portion that is funded by the GCF, of above USD 10 million and up to and including USD 50 million for an individual project or an activity within a programme”.

² Decision B.07/02.

³ As per annex I to decision B.07/02 (annex I to document GCF/B.07/11), Category C is defined as “Activities with minimal or no adverse environmental and/or social risks and/or impacts” and Intermediation 3 is defined as “When an intermediary’s existing or proposed portfolio includes financial exposure to activities that predominantly have minimal or negligible adverse environmental and/or social impacts”.

1990 and is registered under the Companies Act of 1913/1994 with the registrar of Joint Stock Companies as a not-for-profit company.

2.2 Institutional presence and relevant networks

5. The applicant has 276 partner organizations (which are grass roots level non-governmental organizations) in different districts of Bangladesh through which the applicant manages all of the lending and development activities. Its partnership organizations comprise some 12.37 million members, of which 91 per cent are women, working through 8,064 branches. The applicant has been working with its partners for the past 26 years and has acquired a track record in undertaking projects in the financial sector, agriculture and livelihood, health, education, community-based infrastructure, and cross-cutting sectors including environment and climate change.

6. The applicant has: nine core programmes, some of which include inclusive financial services; an enterprise development programme; social protection and capacity-building programmes; an advocacy and knowledge management programme; a research and development programmes; and environment and climate change programmes. In 2016, PKSF established its Environment and Climate Change Unit, which is comprises seven permanent staff and is headed by a director. This Unit is tasked with addressing climate change adaptation and mitigation issues such as climate resilient infrastructure and livelihoods, particularly at the community level.

7. In order to advance the objectives of the GCF, the applicant intends to undertake community-based adaptation and mitigation activities to enhance the resilience of people in Bangladesh to the adverse effects of climate change. Specifically, the applicant plans to promote energy saving by introducing improved cook stoves and biogas plants at the community level, and to undertake activities that will reduce greenhouse gas emissions, such as increasing the solar home systems and solar-powered irrigation systems at the community level.

2.3 Track record

8. The applicant intends to continue working with the Government of Bangladesh and its partner organizations in order to assist Bangladesh to enhance the resilience of its population to the adverse effects of climate change by implementing activities involving multiple dimensions of human livelihood.

9. The applicant has been working with partner organizations at the grass roots level and with people – particularly women – at the local community level. The applicant has indicated that it has successfully implemented its adaptation programmes and projects by maintaining management of environmental and social safeguard (ESS) issues. For example, the applicant provided capacity-building, social awareness training and knowledge management to beneficiaries during the implementation of projects.

10. The applicant has disbursed USD 3.5 billion to its partner organizations, which in turn have disbursed USD 31.06 billion to its members, through various activities. The applicant's track record in financing climate change related projects includes the following, which fall within the GCF small and medium size categories.

- (a) USD 13 million (grant and loan) for the Community Climate Change Project in Bangladesh;
- (b) USD 14.1 million (grant and loan) for the Food Security 2012 Bangladesh-Ujjibito, Ultra Poor Programme;

- (c) USD 22.45 million of USD 92.85 million (grant and loan) for the project Promoting Agricultural Commercialization and Enterprise to ensure food security and livelihood security in Bangladesh; and
- (d) USD 17 million (grant and loan) for Enhancing Resources and Increasing Capacities of the Poor Households towards Elimination of Their Poverty in Bangladesh.

III. Stage II accreditation review assessment

- 11. The applicant applied under the normal track accreditation process, and was assessed against the standards of the GCF by the Accreditation Panel (AP) during Stage II (Step 1).
- 12. As part of this assessment, the AP consulted the applicant's website to complement the information provided in the application.

3.1 Fiduciary standards

3.1.1 Section 4.1: Basic fiduciary standards: key administrative and financial capacities

- 13. The applicant has a clearly defined governance structure that is designed to ensure that the institution achieves its mission. At the top of the structure is the General Body responsible for the overall policy direction of PKSF. Next in hierarchy is the Governing Body whose primary role is to ensure that the applicant's operations are consistent with its vision and mission. It carries out this role through the approval of loans, grants and other forms of financial assistance to the applicant's partner organizations. The governance structure comprises several other oversight bodies, including an ethics committee and an audit committee. The applicant's executive management team is headed by a managing director.
- 14. The applicant's financial statements are prepared in accordance with international accounting standards and international financial reporting standards, as adopted by the Institute of Chartered Accountants of Bangladesh. The applicant has a sound financial information system designed to ensure, among other things, proper record keeping, prudent revenue–expenditure management and an efficient payments and disbursements system. Disbursement of funds by the applicant's partner organizations and to the ultimate users of loan proceeds is periodically audited by the applicant's Internal Audit Department.
- 15. The applicant has an independent audit committee, which oversees the work of the Internal Audit Department and the applicant's external auditor with the emphasis on the audit of financial statements, control systems and reporting. The applicant's audit committee has the expertise and independence to effectively carry out its designated role. The applicant's internal audit function is independent and able to perform its duties objectively. The applicant has recently put in place a process and procedures to monitor and assess the overall effectiveness of the internal audit function, and will provide evidence of the implementation of the process and procedures after an assessment has been undertaken for the financial year 2017–2018.
- 16. The applicant's financial statements are audited by independent external auditors affiliated with international audit firms. The external auditors assert that the audits are conducted in accordance with International Standards on Auditing, as adopted in Bangladesh. The external auditor's observations and recommendations are regularly reviewed by the audit committee.
- 17. The applicant has a procurement policy which is based on the Public Procurement Rules of the Government of Bangladesh. For donor-funded projects the applicant follows the donors' guidelines where required. The applicant has an adequate mechanism for the assessment and oversight of the procurement procedures and practices of project executing entities. A procurement complaint handling mechanism has recently been put in place.

3.1.2 Section 4.2: Basic fiduciary standards: transparency and accountability

18. The applicant has a code of ethics which is applicable to all of its employees and other parties with which it has a functional relationship, including partner organizations through which PKSF implements its activities. An ethics committee appointed by the Governing Body is responsible for oversight of the ethics function. The code of ethics is complemented by a policy on zero tolerance of fraud, financial mismanagement and other forms of misconduct. A committee consisting of senior staff appointed by the Managing Director is responsible for investigating cases of fraud, corruption and other forms of misconduct.

19. The applicant has experience and a track record in accessing financial resources from national and international sources, such as the Asian Development Bank, the United Kingdom Department of International Development, the United States Agency for International Development and the World Bank. The applicant has demonstrated that it has capacity to effectively handle funding provided by the GCF.

20. To combat money laundering and the financing of terrorism, the applicant relies on the Bangladesh Central Bank's Anti-Money Laundering Act of 2012 and Guidance Notes on the Prevention of Money Laundering and Financing of Terrorism. The applicant has adequate "know-your-customer" due diligence procedures to ensure that the parties with which it has business relationships are not involved in money laundering or the financing of terrorism. The applicant does not use electronic fund transfers to make or receive payments. As such, it monitors payments and receipt of funds through the use of monthly bank reconciliation statements to check and verify that funds deposited into its accounts are from expected sources, and funds remitted from its accounts are remitted to bona fide recipients.

21. While the applicant meets all other GCF requirements for the basic fiduciary standard relating to transparency and accountability, it does not have:

- (a) A policy on financial disclosures of conflict of interest; or
- (b) A policy or mechanism for protecting whistle-blowers who report violations of the applicant's code of ethics and anti-fraud or anti-corruption policies.

22. However, the applicant is taking appropriate steps to address these shortfalls in meeting GCF requirements.

3.1.3 Section 5.1: Specialized fiduciary standard for project management

23. The applicant has well-established project preparation, appraisal and risk assessment policies and procedures. These provide guidance and templates for incorporating technical, financial, economic and legal aspects as well as possible environmental, social and climate change aspects, into the funding proposal at the appraisal stage. Examples of projects undertaken in the last three years demonstrate effective implementation of the policies and procedures.

24. The applicant has a documented monitoring and evaluation function whose main purpose is to track and report on project status during the implementation phase. The applicant currently does not publish monitoring and evaluation reports as required by GCF fiduciary standard for project management. However, the applicant is in the process of putting in place and implementing the necessary disclosure policy for the publication of monitoring and evaluation reports in order to comply with GCF requirements.

25. The applicant's project closure policy and procedures include provisions for independent evaluation and reporting on results achieved, lessons learned and recommendations for improvement in the design of future projects. As required by the evaluation disclosure policy, evaluation reports and results are publicly disclosed and

disseminated widely to parties directly or indirectly involved in the projects financed by the applicant. A list of institutions to which evaluation reports are disseminated was provided.

26. The applicant has a project-at-risk system for the early identification of project problems that may interfere with the achievement of project objectives, if not addressed in a timely manner. Examples of project problems identified and addressed to demonstrate effectiveness of the system were provided.

3.1.4 Section 5.2: Specialized fiduciary standard for grant award and/or funding allocation mechanisms

27. The applicant has a well-developed grant award system that includes defined roles and responsibilities of the management and staff responsible for the evaluation and approval of grant applications. Grant notices and calls for proposals are publicized on the applicant's website and in four national newspapers (two in Bangla and two in English) to ensure that the broadest possible number of potential recipients is aware of the grant opportunities and of the specific requirements and processes to be followed in the selection of grantees.

28. Based on the information and supporting documentation provided, the AP concluded that:

- (a) The applicant has a sound due-diligence framework for assessing the eligibility and capabilities of potential grant recipients;
- (b) The team responsible for the evaluation of grant applications has the required competencies and independence to undertake evaluations and recommend grant awards;
- (c) Grant evaluation and award decisions comply with the applicant's grant award policies and procedures; and
- (d) Grant award decisions are taken by the persons with the requisite authority.

29. The applicant also demonstrated that it has adequate checks and procedures in place for:

- (a) Ensuring that grants are not awarded retrospectively for activities already started or completed at the time of the application; and
- (b) The suspension or termination of grant awards in the event of the beneficiaries failing to comply with their obligations.

30. The applicant's grant award system also has adequate provisions for:

Procurement rules and procedures, which the grant beneficiaries are required to apply;

- (a) Periodic independent reviews and audits of its grant award activities;
- (b) Recovery of funds disbursed to recipients, in respect of expenditures which are unauthorized or fall outside the scope of the approved grant-funded activities; and
- (c) Monitoring and evaluation of the implementation progress of grant-funded projects.

31. It was noted that the applicant does not have a system in place for providing access by the public to information on the progress of individual projects. However, the applicant is in the process of putting such a system in place.

3.1.5 Section 5.3: Specialized fiduciary standard for on-lending and/or blending

32. The applicant's on-lending and blending activities are guided by a set of operational policies, procedures and guidelines, including project preparation and appraisal guidelines, an operational manual, lending policy and credit risk management guidelines. The sample project

appraisal reports provided are comprehensive and contain all the pertinent areas that are normally contained in a complete due diligence report. The applicant has a proven track record of receiving and on-lending and blending resources from different international and multilateral funding sources, such as the Asian Development Bank, the United Kingdom Department for International Development, the United States Agency for International Development and the World Bank.

33. The applicant has a transparent disclosure policy through which it provides to the public access to information on beneficiaries and results of its on-lending and blending operations. While the evidence provided clearly demonstrates effective implementation of the public disclosure policy with respect to project beneficiaries and project results, the applicant has not put in place a policy on the provision of information to the public regarding its decisions on on-lending and blending operations as required by the GCF for the specialized fiduciary standard for on-lending and/or blending. However, the applicant is taking appropriate steps to develop and implement the required policy.

34. The applicant has appropriate procedures which provide the required assurance that the financing it provides is channelled transparently and used effectively. The applicant provided evidence of its audit function, which confirms that funds are channelled transparently and used effectively. It also provided information which shows that advantages to final beneficiaries of projects it finances are regularly monitored and evaluated.

3.2 Environmental and social safeguards

3.2.1 Section 6.1: Policy

35. As the activities planned for implementation by the applicant would be under the environmental and social (E&S) risk Category C/I-3, the applicant is not required to have a formal ESS policy. Nevertheless, in January 2012 the applicant adopted its environmental management framework (EMF) and social management framework (SMF), which together reflect the applicant's E&S objectives, key principles which guide the applicant, as well as the ESS standards it applies to its projects, which has been found to be consistent with the Performance Standards 1 to 8 of the GCF interim ESS.

3.2.2 Section 6.2: Identification of risks and impacts

36. The applicant's EMF and SMF describe its process to screen projects to identify E&S risks and impacts against Performance Standards 1 to 8 of the GCF interim ESS. The applicant has provided evidence in the form of sample projects that consistently confirm the E&S risk category as Category C/I-3. The project officers in the field having the necessary experience and skills are responsible for performing environmental screening using the screening form checklist to identify any potential adverse impacts likely to arise from the project activities.

3.2.3 Section 6.3: Management programme

37. The applicant's EMF and SMF describe its institutional process to identify and manage E&S risks (including unanticipated risks and impacts), and the applicant has in place experienced staff with designated roles and responsibility for implementing the projects. The applicant also provided a sample of quarterly project monitoring reports as evidence of its capability to manage mitigation measures related to the E&S risk and impacts identified in projects.

3.2.4 Section 6.4: Organizational capacity and competency

38. The applicant provided information on its organizational structure showing designated staff, including their qualifications and knowledge about Performance Standards 1 to 8 of the GCF interim ESS, who can properly categorize potential funding proposals through an E&S risk screening process. The applicant also provided evidence of its relevant staff having undertaken training on E&S matters.

3.2.5 Section 6.5: Monitoring and review

39. The applicant provided a description of its institutional system on the monitoring and review of projects to ensure that there have been no scope changes or unanticipated E&S impacts or risks requiring mitigation and management in line with the E&S risk Category C/I-3. The E&S risk focal person within the applicant's organization and its project office monitor the compliance of projects against E&S risk requirements. Quarterly reports of project compliance with E&S risk requirements are mandatory, and a sample of such reports were provided by the applicant.

3.2.6 Section 6.6: External communications

40. The applicant has provided information on its external communication channels including a website. It has introduced a grievance redress mechanism under its SMF, which addresses the issue of public comments and grievances. It also screens and assesses issues raised and determines how to address them, and tracks and documents responses. The applicant has a register for the redress of grievances, but it has not yet received any written complaints. The grievances communicated verbally are addressed in a group meeting at the project office-level working with the project beneficiaries.

41. The applicant agrees to comply with the GCF Information Disclosure policy regarding E&S information for funding proposals and projects/programmes. However, both the applicant and the AP note that as per the GCF Information Disclosure policy, no advance disclosure of E&S information is required for the E&S risk Category C/I-3 for which the applicant has applied for accreditation.

3.3 Gender

42. The applicant's gender policy, which was adopted in September 2015, as well as the applicant's competency in implementing its gender policy, are in line with the requirements of the GCF Gender policy. The applicant has been working for the past 26 years with the poor, ultrapoor and marginalized people. The applicant's project data shows that more than 90 per cent of its beneficiaries are women, as they are mostly poor and ultrapoor. The applicant provided a sample of projects which demonstrate the link between gender and climate change adaptation, and which shows that the projects benefit both men and women, and reflect non-discriminatory practices in terms of benefits and remuneration for both men and women.

IV. Conclusions and recommendation

4.1 Conclusions

43. Following its assessment, the AP concludes the following in relation to the application:

- (a) The applicant meets the requirements of the basic fiduciary standards for key administrative and financial capacities. However, it only partially meets the basic fiduciary standards for transparency and accountability, the specialized fiduciary standard for project management, the specialized fiduciary standard for grant award

and/or funding allocation mechanisms, and the specialized fiduciary standard for on-lending and/or blending (for loans). The applicant does not have a policy on financial disclosure of conflicts of interest; nor a mechanism for protecting whistle-blowers. It currently does not publish monitoring and evaluation reports as required by the GCF fiduciary standard for project management and it does not have a system in place for providing access to the public to information on the progress of individual projects. The applicant also does not have in place a policy on the provision of information to the public regarding its decisions on on-lending and blending operations;

- (b) The applicant meets the requirements of the GCF interim ESS in relation to the minimal to no E&S risk (Category C/I-3); and
- (c) The applicant has demonstrated that it has competencies, policies and procedures to implement its gender policy, which is found to be consistent with the GCF Gender policy, and has demonstrated that it has experience with gender considerations in the context of climate change.

4.2 Recommendation on accreditation

44. The AP recommends, for consideration by the Board, applicant APL059 for accreditation as follows:

- (a) **Accreditation type:**
 - (i) **Maximum size of an individual project or activity within a programme:** small (including micro⁴);
 - (ii) **Fiduciary functions:**
 1. Basic fiduciary standards;
 2. Specialized fiduciary standard for project management;
 3. Specialized fiduciary standard for grant award and/or funding allocation mechanisms; and
 4. Specialized fiduciary standard for on-lending and/or blending (for loans); and
 - (iii) **Maximum environmental and social risk category:** minimal to no risk (Category C/I-3); and
- (b) **Conditions:** the applicant will be required to submit to the AP, through the Secretariat, information on how it has complied with the conditions. The AP will thereafter assess whether the conditions have been met. This assessment will be communicated by the Secretariat, on behalf of the AP, to the Board for information purposes;
 - (i) Conditions to be met prior to the first disbursement by the GCF for the first approved project/programme to be undertaken by the applicant:
 1. Provide evidence of an assessment of the effectiveness of the applicant's internal audit function;
 2. Provide a copy of a policy on the disclosure of financial conflicts of interest;
 3. Provide a copy of a whistle-blower protection policy or mechanism;

⁴ As per annex I to decision B.08/02, "micro" is defined as "maximum total projected costs at the time of application, irrespective of the portion that is funded by the GCF, of up to and including USD 10 million for an individual project or an activity within a programme".

4. Provide a copy of a policy on the public disclosure of project/programme monitoring and evaluation reports, including information on the periodic progress of individual projects; and
 5. Provide a copy of a policy and guidelines on the public disclosure of information on the applicant's decisions on on-lending and blending operations;
- (ii) Conditions to be met within the first 15 months of the first disbursement by the GCF for the first approved project/programme undertaken by the applicant:
1. Provide evidence of the implementation of a policy on the public disclosure of project monitoring and evaluation reports, including information on the periodic progress of individual projects; and
 2. Provide evidence of the implementation of a policy and guidelines on the public disclosure of information on the applicant's decisions on on-lending and blending operations; and
- (iii) Condition to be met on an annual basis for three consecutive years, starting after the twelfth month following the first disbursement for any GCF-financed project/programme undertaken by the applicant:
1. Provide evidence of the publication of project monitoring and evaluation reports of all GCF-funded projects/programmes.
45. The applicant has been informed of the recommendation for accreditation, including the accreditation type and conditions, as identified in paragraph 44 (b) above, and agrees to the recommendation.

4.3 Remarks

46. The applicant is already taking steps to meet the conditions identified in paragraph 44 (b) (i) above.
47. The applicant demonstrates a greater degree of maturity in its environmental and social management than is required by the GCF interim ESS for the E&S risk Category C/I-3, against which the applicant is seeking accreditation. Building its experience in implementing higher E&S risk projects and programmes, the applicant may, in the future, wish to consider applying for an upgrade in its accreditation scope for the medium E&S risk Category B/Intermediation 2.

Annex VII: Accreditation assessment of Applicant 060 (APL060)

I. Introduction

1. Applicant 060 (APL060), the Sahara and Sahel Observatory (OSS), is a regional entity in Africa that aims to serve as an international framework for partnership and dialogue in the fight against desertification and in the attenuation of the effects of drought, the adaptation to climate change and the protection of biodiversity. The applicant supports the efforts of its member countries in the Sahara-Sahel region in the fields of natural resource management and sustainable development, particularly on key themes such as land degradation, desertification, drought and the adverse impacts of climate change on ecosystems and populations.

2. The applicant submitted its application for accreditation to the Secretariat via the Online Accreditation System on 11 February 2016. The Stage I institutional assessment and completeness check was completed on 30 June 2017 and was progressed to the Stage II (Step 1) accreditation review, which has been concluded with the publication of this assessment. The applicant has applied to be accredited for the following parameters under the fit-for-purpose approach of the GCF:

- (a) **Access modality:** direct access, regional. The applicant received a national designated authority or focal point nomination for its accreditation application from Tunisia;
- (b) **Track:** fast-track under the Adaptation Fund;
- (c) **Maximum size of an individual project or activity within a programme:** micro;¹
- (d) **Fiduciary functions:**²
 - (i) Basic fiduciary standards;
 - (ii) Specialized fiduciary standard for project management;
 - (iii) Specialized fiduciary standard for grant award and/or funding allocation mechanisms; and
- (e) **Maximum environmental and social risk category:** medium risk (Category B/Intermediation 2 (I-2)).³

II. Stage I institutional assessment and completeness check

3. The applicant is eligible for, and applied under, the fast-track accreditation process as an Adaptation Fund accredited entity. Its application has been assessed by the Secretariat during Stage I in accordance with the requirements and gaps identified in decision B.08/03.

¹ As per annex I to decision B.08/02 (annex I to document GCF/B.08/45), “micro” is defined as “maximum total projected costs at the time of application, irrespective of the portion that is funded by the GCF, of up to and including USD 10 million for an individual project or an activity within a programme”.

² Decision B.07/02.

³ As per annex I to decision B.07/02 (annex I to document GCF/B.07/11), Category B is defined as “Activities with potential mild adverse environmental and/or social risks and/or impacts that are few in number, generally site specific, largely reversible, and readily addressed through mitigation measures” and Intermediation 2 is defined as “When an intermediary’s existing or proposed portfolio includes, or is expected to include, substantial financial exposure to activities with potential limited adverse environmental or social risks and/or impacts that are few in number, generally site specific, largely reversible, and readily addressed through mitigation measures; or includes a very limited number of activities with potential significant adverse environmental and/or social risks and/or impacts that are diverse, irreversible, or unprecedented”.

2.1 Legal status, registration, permits and licences

4. The applicant provided documents on its establishment and licences to operate, where relevant, as a part of the application. OSS was established as an international organization in Paris, France, on 15 May 1992, under the Declaration of the Inaugural Conference on the creation of the Sahara and Sahel Observatory. The agreement on the establishment and functioning of OSS was later concluded in Paris on 18 June 1999 between the Government of the Tunisian Republic and the United Nations Educational, Scientific and Cultural Organization, and has been ratified by Law No. 2000-12 of 7 February 2000.

2.2 Institutional presence and relevant networks

5. Based in Tunis, Tunisia, since 2000, the applicant has a strong regional presence in Africa and comprises 22 Member States in Africa,⁴ six non-regional countries,⁵ 13 member organizations⁶ (including subregional organizations representing West Africa, East Africa and North Africa and non-governmental organizations) and various financial partners. OSS primarily operates in the Sahel and Sahara region (Burkina Faso, Cape Verde, Chad, Côte d'Ivoire, Djibouti, Egypt, Eritrea, Ethiopia, Gambia, Guinea-Bissau, Kenya, Libya, Mali, Mauritania, Morocco, Niger, Senegal, Somalia, Sudan, Tunisia and Uganda), but also in the Middle East and North Africa region (Algeria, Egypt, Jordan, Libya, Morocco and Tunisia).

6. In order to advance the objectives of the GCF, the applicant aims to catalyse impact beyond a one-off investment, by: ensuring environmental, social and economic co-benefits, as well as gender and youth-sensitive development impacts; addressing vulnerability; and being country-driven and country-owned. It also intends to provide a framework for international partnerships dedicated to sustainable development in the Sahara-Sahel region. In particular, OSS plans to focus its activities on:

- (a) Water: to promote cooperation on shared water resources and to bridge knowledge gaps on the Sahara-Sahel region's transboundary aquifer basins;
- (b) Land: to provide the knowledge base for natural resource management, and to strengthen national systems of environmental observation and monitoring-evaluation; and
- (c) Cross-cutting themes: climate and populations.

7. The applicant intends to focus its GCF-funded activities on the following GCF key results areas:

- (a) Adaptation: ecosystems and ecosystem services; livelihoods of people and communities; food, water security and health; and infrastructure and the built environment; and
- (b) Mitigation: land use, deforestation, forest degradation and transforming energy generation and access.

⁴ Algeria, Burkina Faso, Cape Verde, Chad, Côte d'Ivoire, Djibouti, Egypt, Eritrea, Ethiopia, Gambia, Guinea-Bissau, Kenya, Libya, Mali, Mauritania, Morocco, Niger, Senegal, Somalia, Sudan, Tunisia and Uganda.

⁵ Belgium, Canada, France, Germany, Italy and Switzerland.

⁶ Arab Maghreb Union, Centre d'Actions et de Realisations Internationales, Community of Sahel-Saharan States, Environment Development Action in the Third World, Food and Agriculture Organization of the United Nations, Intergovernmental Authority on Development, Lake Chad Basin Commission, Pan African Agency of the Great Green Wall, Permanent Inter-State Committee for Drought Control in the Sahel, Regional Center for Remote Sensing for North Africa States, Réseau Sahel Désertification, United Nations Convention to Combat Desertification, and United Nations Educational, Scientific and Cultural Organization.

2.3 Track record

8. With a focus on supporting the efforts of its member countries in the Sahara-Sahel region in the fields of natural resource management and sustainable development, the applicant's activities are in areas of climate change adaptation and resilience, environmental monitoring, joint management of transboundary aquifers, integrated water resources management, disaster-risk reduction, support for the implementation of multilateral environmental agreements, land degradation and desertification issues, socioeconomic and agricultural aspects pertaining to water demand, and transitioning to a green economy. Such activities fall within the GCF environmental and social (E&S) risk Category B/I-2 or lower E&S risk levels.

9. The applicant's track record in financing climate change-related projects includes the following, which fall within the GCF micro size category:

- (a) USD 5.36 million (grants) for Resilience Improvement of West African Populations to Environmental Changes;
- (b) USD 2.6 million (grants) for Système Aquifère du Sahara Septentrional III Operational Recommendations for a Sustainable Management of the Water Resource of the Northern Sahara Aquifer System;
- (c) USD 1.5 million (grants) for Building Resilience through Innovation, Communication and Knowledge; and
- (d) USD 1 million (grants) for the Middle East and North Africa Desert Ecosystems and Livelihoods Knowledge Sharing and Coordination project.

III. Stage II accreditation review assessment

- (a) The applicant is eligible for, and applied under, the fast-track accreditation process as an Adaptation Fund entity. Its application has been assessed by the Accreditation Panel (AP) during Stage II (Step 1) against the standards of the GCF in accordance with the requirements and gaps identified in decision B.08/03.
- (b) As part of this assessment, the AP consulted the applicant's website and third-party websites to complement the information provided in the application.

3.1 Fiduciary standards

3.1.1 Section 4.1: Basic fiduciary standards: key administrative and financial capacities

10. As per paragraph 10 above, the basic fiduciary standards concerning key administrative and financial capacities is considered to have been met by way of fast-track accreditation.

3.1.2 Section 4.2: Basic fiduciary standards: transparency and accountability

11. As per paragraph 10 above, the basic fiduciary standards of the accreditation application concerning transparency and accountability have been met by way of fast-track accreditation, with the exception of item 4.2.4, investigation function, and item 4.2.5, anti-money laundering and countering the financing of terrorism policies.

12. Regarding item 4.2.4 of the accreditation application, the applicant has an investigation function and policies in place, as well as anti-fraud and anti-corruption policies which all the staff members of the organization as well as internal and external auditors are committed to uphold.

13. The applicant has incorporated controlling and preventive systems aimed at eliminating all forms of financial malpractice and mismanagement. The applicant has a designated bureau in place that has a mandate within the applicant's executive board to investigate potential incidents of fraud and corruption in an efficient and timely manner.
14. The whistle-blower protection policy, the investigation procedure and the mechanism that allows the public to launch complaints are available on a dedicated webpage. All staff members have to sign the declaration of non-acceptance of all forms of prohibited practices. Examples of forms signed by accounting and procurement staff members were provided.
15. The applicant has provided a statement that, due to the strict adherence to the anti-fraud and anti-corruption policies, there have been no fraud or corruption-related investigations in the three years prior to the submission of the application.
16. Regarding item 4.2.5 of the accreditation application, the applicant adheres to its internal procedure on prohibited practices (fraud prevention), which is available on the applicant's website, as well as to the anti-money laundering and countering the financing of terrorism policies contained in the regulations of the host country where the applicant's headquarters is located with regard to the operations of the commercial banks.
17. The applicant's policy on prohibited practices is found to be fully in line with the GCF interim policy on prohibited practices.
18. The regulations of the host country where the applicant's headquarters are located require banks to verify the origin of funds and the existence of pre-trade and financial relationships supporting the flow of all cash exceeding a threshold of USD 1,500. All of the cash flows are cross-checked against the original invoice to justify the transaction. For incoming transactions to the applicant's account a declaration is issued by the customs office before entering the host country territory. The applicant's policy bans the use of cash in order to comply with the regulation of the host country where the applicant's headquarters are located and with the applicant's statutes.
19. To ensure the absence of incidents of fraud, corruption, money-laundering and financing of terrorism, each project is managed by different experts with the applicant's organization, for which there are separate bank accounts, and each project must meet the requirements for the control of expenditures as specified in the relevant funding agreement. The designated financial controller of the applicant, together with the executive secretary, signs all of the payment orders that correspond to the disbursement schedule of the projects.
20. Due to the small amount of the payments, the applicant has not deemed it necessary to develop a complex in-house electronic payment system. However, the applicant's current system is considered adequate and acceptable by the AP given the size of the institution and the scale of projects/programme activities under the specialized fiduciary standard for project management and specialized fiduciary criteria for grant award and/or funding allocation mechanisms for which the applicant is seeking accreditation.

3.1.3 Section 5.1: Specialized fiduciary standard for project management

21. As per paragraph 10 above, the specialized fiduciary standard for project management is considered to have been met by way of fast-track accreditation.

3.1.4 Section 5.2: Specialized fiduciary standard for grant award and/or funding allocation mechanisms

22. The applicant has extensive experience and knowledge in working with the developing countries in the region regarding the grant award and funding allocation mechanism. It supports the governments of its member countries in the development of projects and

programmes for further submission to various donors and multilateral organizations to seek appropriate financing.

23. In its operations the applicant has been approaching the governments of member countries directly by official letters and using the regional/geographical approach for selecting the specific countries for the development of funding proposals. Also, it has been initiating the preparation of the concept notes for specific projects, and then developing them further with the particular governments into project proposals for potential grant funding.

24. To comply with the GCF specialized fiduciary standard for grant award and/or funding allocation mechanisms, the applicant has established a new procedural framework and corresponding supporting guidance documents that include provisions for the competitive grant mechanism, including guidance for conducting calls for proposals, evaluating proposals and awarding grants, eligibility criteria for projects and potential grantees, due diligence procedures of the beneficiaries, and has defined roles and responsibilities for grant disbursements and reporting.

25. As the new procedural framework has been recently adopted, the applicant has not yet demonstrated any experience in publishing the calls for proposals for the on-granting mechanism on its website. Therefore, a corresponding condition of accreditation is recommended in paragraph 47(b) below to address this gap in meeting the GCF specialized fiduciary standard for grant award and/or funding allocation mechanisms.

26. Within the new procedural framework the applicant has established a grant proposal evaluation procedure that contains the information on the grant proposal evaluation process, including the requirements for the objectivity and impartiality of the decision-making process and competence of the decision-making committee. However, there are no records on the actual operation of the newly formed Grant Evaluation Committee for any of the projects/programmes selected for grant funding. Therefore, a corresponding condition of accreditation is recommended in paragraph 47(b) below to address this gap in meeting the GCF specialized fiduciary standard for grant award and/or funding allocation mechanisms.

27. The applicant's grant award management procedure also includes standardized provisions for the recovery of funds paid to the grantees, in respect of expenditures which are unauthorized or fall outside the scope of funding for the projects, and procedures for the suspension, reduction or termination of grants in the event of the beneficiary failing to comply with its obligations, and systems to prevent irregularities in the use of grant funds.

28. The applicant has provisions for the periodic review of its grant award activities and has provided examples of the monitoring and evaluation reports of the programmes implemented in the three years prior to the submission of the application. In addition, the applicant provided reports compiled by its donor partners (multilateral organizations) containing positive observations and conclusions on the performance of the applicant regarding its management of projects and grant award programmes.

29. The applicant conducts close monitoring of the activities implemented under its grant award programmes and undertakes regular site visits. The applicant also conducts thematic workshops to support its beneficiaries, disseminate best practices and maintains good relations with the grant awardees. Examples of such site visit and workshop reports were provided to demonstrate the effective implementation of the applicant's monitoring procedures. The reports of the grant award results and the monitoring reports have not yet been published on the applicant's website, in accordance with the new procedures. Therefore, a corresponding condition of accreditation is recommended in paragraph 47(b) below to address this gap in meeting the GCF specialized fiduciary standard for grant award and/or funding allocation mechanisms.

30. Overall, following the assessment, the AP concludes that the grant award mechanisms implemented by the applicant are mature and well established and can be applicable to GCF-

funded activities subject to the fulfilment of the accreditation conditions recommended in paragraph 47 (b) to address the gaps identified.

3.1.5 **Section 5.3: Specialized fiduciary standard for on-lending and/or blending**

31. The applicant did not apply for assessment against this standard at this time.

3.2 Environmental and social safeguards

3.2.1 **Section 6.1: Policy**

32. The applicant's E&S policy was formally adopted by its General Assembly in April 2016. The E&S policy describes the key E&S objectives and principles guiding the applicant in the management of the environmental, social and gender impacts during the preparation and implementation of programmes and projects. The applicant's E&S policy articulates ten performance standards, which include Performance Standards 1 to 8 of the International Finance Corporation (which have been adopted as the GCF interim environmental and social safeguards), on gender equity and women's empowerment, and access and equity and protection of human rights. In addition to the applicant's performance standards, the E&S policy also conforms to the applicant's national laws and local laws/regulations applicable to the applicant's beneficiary countries. The applicant has established a technical committee comprising internal and external experts with the knowledge necessary to provide policy advice for the consideration of E&S matters. The E&S policy was published on the applicant's website and has been communicated to all levels within the organization. The E&S policy underwent public consultation during its development.

33. The applicant's E&S policy requires that the E&S assessments and design and mitigation planning conducted by the executing entities that the applicant oversees include the following elements: assessment of cumulative impacts; assessment of associated facility impacts; and analysis of alternatives, baseline data standards and mitigation hierarchy. The applicant provided sample project documents as evidence of its track record for ensuring that these specific elements are adequately included in project E&S assessments.

3.2.2 **Section 6.2: Identification of risks and impacts**

34. The applicant has developed a process for the identification and assessment of E&S risks and impacts which is in line with good international industry practices, including the Performance Standards 1 to 8 of the interim environmental and social safeguards (ESS) of the GCF. The main objective of the applicant's procedure is to lead to a categorization of projects/programmes. A checklist in the procedure is used to guide in the screening and identification of preliminary potential E&S risks and impacts. Based on the results of this screening, projects/programmes are categorized according to three E&S risk categories, A (high), B (medium) or C (low), which is similar to the categorization system in the interim ESS of the GCF. The applicant's environment and water programme managers coordinate the development of project proposals and involve the staff/consultants responsible for E&S risks, as well as the gender/population officer in the identification of E&S risks. The applicant provided example of projects it has implemented as evidence of its capability in implementing its E&S risks and impact identification procedure.

3.2.3 **Section 6.3: Management programme**

35. The applicant's E&S policy addresses its institutional process for managing mitigation measures and actions stemming from the E&S risk identification process provided, distinguishing between different categories of E&S risk. The applicant provided documents from

the projects that it has implemented and executed that were funded by the World Bank, the Adaptation Fund and the Global Environment Facility as examples of how the applicant addressed and managed the potential E&S risks, including the mitigation measures.

3.2.4 Section 6.4: Organizational capacity and competency

36. The applicant provided its institution's organization chart and a description of the roles and responsibilities of its key staff dealing with E&S matters. The key staff have undergone the necessary training to support the capacity of its staff in the implementation of the E&S policy via a one-week training that was organized in January 2016, and implemented in the context of the Climate Finance Readiness Programme of Deutsche Gesellschaft für Internationale Zusammenarbeit GmbH.

3.2.5 Section 6.5: Monitoring and review

37. The applicant's E&S policy describes the executing entities' roles and responsibilities for the monitoring and evaluation (M&E) of projects/programmes supported by the applicant. The applicant is required to address all E&S risks identified by executing entities during project/programme assessment, design and implementation. The E&S policy requires that the executing entities' annual project/programme performance reports include a section on the status of implementation of any environmental and social management plan, including any measures required to avoid, minimize or mitigate E&S risks. The applicant requires that its M&E reports also include a description of any corrective actions that are deemed necessary. The mid-term and terminal evaluation reports are also required to include an evaluation of the project/programme performance with respect to E&S risks.

38. The applicant indicated that, due to the recent adoption of the E&S policy (April 2016), it does not currently possess sample M&E reports on actions taken for E&S risk mitigation and performance improvement measures in line with its performance standards. The applicant indicated that it plans to apply its new M&E procedure to a project funded by the Adaptation Fund which involves enhancing the resilience of communities to climate change through catchment-based integrated management. An M&E report for this project is expected to be available in early 2018. In the meantime, the applicant provided a sample of M&E reports on its climate resilience projects, which showed that the applicant did evaluate the E&S indicators relevant to the projects.

3.2.6 Section 6.6: External communications

39. The applicant has avenues/channels including a provision on its website to receive and register external communications. The applicant provided its updated (June 2017) external communication procedure which reflects its policy to require the applicant itself and executing entities that the applicant oversees to publicly disclose and conduct consultations on E&S assessment documents. This policy is found to be in line with the GCF Information Disclosure policy requirements on the public disclosure of E&S information. The external communication procedure also specifies the requirement for grievance and redress mechanisms to be applied by the applicant's executing entities.

40. During the implementation of projects and programme activities, the applicant receives different kinds of enquiries and requests from project stakeholders and local populations. Those enquiries are generally submitted through semi-formal or informal means, such as letters sent to the applicant's headquarters, emails sent to the project/programme implementation unit and verbal enquiries submitted during meetings and workshops. The received enquiries are processed on a case-by-case basis by project managers and teams. The applicant indicated that it has not received enquiries or complaints, and therefore its register of enquiries connected to the online grievance mechanism is currently empty. However, the applicant indicated that

following the adoption of the new external communication procedure, enquiries and complaints will be managed in a more centralized and systemic way. The applicant indicated its willingness to maintain a register of external enquiries/complaints on E&S matters received along with responses for GCF-funded projects/programmes.

3.3 Gender

41. The applicant's gender policy was adopted by the applicant's General Assembly in April 2016. The purpose of the applicant's gender policy is to provide the applicant with a framework for guiding its efforts to achieve gender equality, and particularly to support the diverse roles of women in the different development programmes and projects. The policy specifies the applicant's goal and vision relating to gender equality and outlines an accountability structure for ensuring policy oversight and the achievement of results. It accompanies and complements the applicant's E&S policy and responds to the investment guidelines and performance and reporting standards of international financial partners. The gender policy also includes an action plan to integrate and formalize all current actions that are already being carried out to integrate gender within the institution and within the projects that the applicant is implementing. The applicant's Strategy 2020 also integrates gender as one of the key objectives in the section on "society and the socio-economics of the environment".

42. In 2011, the applicant created a four-person gender working group with the necessary competencies and who were assigned, respectively, to the applicant's following four units: water, environment, communication and executive secretary. The applicant provided a sample of three projects it has implemented to demonstrate its experience with gender and climate change. The projects implemented by the applicant also provide evidence to show that projects and programmes managed by the applicant have non-discriminatory practices in terms of benefits and remuneration for both male and female employees.

43. Considering the above, the applicant's gender policy is assessed to be in line with the GCF Gender policy.

IV. Conclusions and recommendation

4.1 Conclusions

44. Following its assessment and noting that the applicant has applied under the fast-track accreditation process, the AP concludes the following in relation to the application:

- (a) The applicant meets the requirements of the GCF basic fiduciary standards and specialized fiduciary standard for project management, and partially meets the requirements of the specialized fiduciary standard for grant award and/or funding allocation mechanisms. The applicant could not provide evidence of the launch of the call for proposals for the competitive grant scheme, because until recently it has been working on grant proposals directly with the governments of its member countries. Also, the applicant could not provide any records of the work of the newly established Grant Evaluation Committee, or evidence on the publication of the decisions of the committee on the awarding of grants. There is no evidence available with regard to the publication of the grant award results and periodic monitoring reports for the grant-funded projects on the applicant's website;
- (b) The applicant partially meets the requirements of the interim ESS of the GCF in relation to the medium E&S risk (Category B/1-2). The applicant could not provide evidence of the establishment of an external communication channel regarding E&S matters, which may include a website to receive, register and respond to E&S complaints. Also, the

applicant could not provide a sample M&E report on actions taken for E&S risk mitigation and performance improvement measures in line with the applicant's performance standards under its E&S policy (April 2016); and

- (c) The applicant has demonstrated that it has competencies, policies and procedures in order to implement its gender policy, which is found to be consistent with the GCF Gender policy, and has demonstrated that it has experience with gender considerations in the context of climate change.

4.2 Recommendation on accreditation

45. The AP recommends, for consideration by the Board, applicant APL060 for accreditation as follows:

- (a) **Accreditation type:**
- (i) **Maximum size of an individual project or activity within a programme:** micro;
 - (ii) **Fiduciary functions:**
 - 1. Basic fiduciary standards;
 - 2. Specialized fiduciary standard for project management; and
 - 3. Specialized fiduciary standard for grant award and/or funding allocation mechanisms; and
 - (iii) **Maximum environmental and social risk category:** medium risk (Category B/I-2) including lower risk (Category C/Intermediation 3 (I-3)⁷); and
- (b) **Conditions:** the applicant will be required to submit to the AP, through the Secretariat, information on how it has complied with the conditions. The AP will thereafter assess whether the conditions have been met. This assessment will be communicated by the Secretariat, on behalf of the AP, to the Board for information purposes;
- (i) Conditions to be met prior to the first disbursement by the GCF for the first approved project/programme to be undertaken by the applicant:
 - 1. Provide evidence of the launch of the call for proposals, records of work of the Grant Evaluation Committee on evaluating grant proposals received, and evidence of the publication of the grant award decisions of the said committee;
 - 2. Provide a sample M&E report on actions taken for E&S risk mitigation and performance improvement measures in line with the applicant's performance standards under its E&S policy (adopted in April 2016); and
 - 3. Provide evidence of the establishment of an external communication channel, which may include a website to receive, register and respond to E&S complaints; and
 - (ii) Condition to be met on an annual basis for three consecutive years starting after the twelfth month following the first disbursement by the GCF for the first GCF-

⁷ As per annex I to decision B.07/02, Category C is defined as "Activities with minimal or no adverse environmental and/or social risks and/or impacts" and Intermediation 3 is defined as "When an intermediary's existing or proposed portfolio includes financial exposure to activities that predominantly have minimal or negligible adverse environmental and/or social impacts".

funded project/programme through a grant award and/or funding allocation mechanism to be undertaken by the applicant:

1. Provide evidence of the public disclosure of periodic monitoring and evaluation reports, including information on budget utilization in respect of the relevant GCF-funded project/programme.
46. The applicant has been informed of the recommendation for accreditation, including the accreditation type and conditions, as identified in paragraph 47(b) above, and agrees to the recommendation.

Annex VIII: Accreditation assessment of upgrade application from Acumen Fund, Inc.

I. Introduction

1. Acumen Fund, Inc. (Acumen), a private sector direct access entity headquartered in the United States of America and accredited through the direct access modality as an entity nominated by Kenya per decision B.09/07, is seeking to upgrade its accreditation type to include the specialized fiduciary standard for grant award and/or funding allocation mechanisms. With a strong global presence, the applicant raises charitable donations to invest patient capital in business models that deliver critical goods and services to the world's poor, mainly focusing on agriculture, energy, education, health, housing and water.

2. The applicant was accredited by the Board of the GCF on 26 March 2015 in decision B.09/07, paragraph (a)(iv)¹ for the following parameters, as recommended by the Accreditation Panel (AP), under the fit-for-purpose approach of the GCF:

- (a) **Access modality:** direct access, regional. The applicant received a national designated authority nomination for its accreditation application from Kenya;
- (b) **Track:** normal track;
- (c) **Maximum size of an individual project or activity within a programme:** micro;²
- (d) **Fiduciary functions:**³
 - (i) Basic fiduciary standards;
 - (ii) Specialized fiduciary standard for project management; and
 - (iii) Specialized fiduciary standard for on-lending and/or blending (for loans and equity only); and
- (e) **Maximum environmental and social risk category:** minimal to no risk (Category C/Intermediation 3 (I-3)).⁴

3. The applicant submitted its application for an accreditation upgrade of its fiduciary functions for the specialized fiduciary standard for grant and/or funding allocation mechanisms to the Secretariat via the Online Accreditation System on 2 January 2017.

4. The Stage I institutional assessment and completeness check was completed on 20 June 2017 and was progressed to the Stage II (Step 1) accreditation review, which has been concluded with the publication of this assessment. The applicant has applied to be accredited for the following parameters under the fit-for-purpose approach of the GCF:

- (a) **Access modality:** direct access, regional;
- (b) **Track:** normal track;

¹ Document GCF/B.09/23.

² As per annex I to decision B.08/02, (annex I to document GCF/B.08/45), "micro" is defined as "maximum total projected costs at the time of application, irrespective of the portion that is funded by the GCF, of up to and including USD 10 million for an individual project or an activity within a programme".

³ Decision B.07/02.

⁴ As per annex I to decision B.07/02 (annex I to document GCF/B.07/11), Category C is defined as "Activities with minimal or no adverse environmental and/or social risks and/or impacts" and Intermediation 3 is defined as "When an intermediary's existing or proposed portfolio includes financial exposure to activities that predominantly have minimal or negligible adverse environmental and/or social impacts".

- (c) **Fiduciary functions:**
- (i) Specialized fiduciary standard for grant award and/or funding allocation mechanisms; and
- (d) **All other criteria for which the applicant was accredited:**⁵ no change.

II. Stage I institutional assessment and completeness check

5. The applicant applied under the normal track accreditation process, and was assessed by the Secretariat during Stage I.

2.1 Legal status, registration, permits and licences

6. The applicant provided documents on its establishment and licences to operate, where relevant, as a part of the application. It was incorporated in 2001 and its wholly owned subsidiary Acumen Capital Partners LLC was registered under the Limited Liability Company Agreement of Acumen Capital Partners LLC, in accordance with the Delaware Limited Liability Company Act.

2.2 Institutional presence and relevant networks

7. The applicant, headquartered in the United States of America, has six investment regions (East Africa, India, Latin America, Pakistan, the United States and West Africa), and seven regional offices across the world Bogota, Colombia, London, England; Accra, Ghana; Mumbai, India; Nairobi, Kenya; and Karachi, Pakistan.

8. In order to advance the objectives of the GCF, the applicant offers long-term investments to companies, leaders and organizations to change the way the world tackles poverty. The applicant's investments have a social impact and follow a financially viable business model. The investments have a high tolerance for risk and long-term payback of capital, and they create new markets or disrupt existing markets. The entity has invested USD 110 million in over 100 companies and reached over 125 million lives since 2001.

9. Acumen Capital Partners LLC, a wholly owned subsidiary of the applicant, manages the KawiSafi Ventures Limited (KSV) fund, a USD 100 million impact fund designed to change how the world views off-grid energy access. The fund will invest across the off-grid energy ecosystem to create sustainable and scaled companies bringing clean, affordable energy to more than 15 million people in East Africa and demonstrate the efficacy of decentralized renewable power as a strategy to fight energy poverty and avert long-term climate crisis.

10. GCF has approved USD 20 million in investment capital to KSV and USD 5 million of grant capital for the KSV Technical Assistance Facility (TAF). The applicant is currently in the process of upgrading its accreditation with GCF in order to award grants through the TAF. The purpose of the TAF is to amplify the effectiveness and efficiency of KSV's investments in driving large-scale energy access and climate impact. The USD 5 million in approved GCF technical assistance funding is allocated to two broad issue areas: USD 2 million for gender-specific interventions, in support of women; and USD 3 million for consumer protection.

11. Separate from the USD 5 million in approved GCF technical assistance funding, Acumen Capital Partners LLC is also intending to raise additional technical assistance grant funding from a mix of private and public institutions. This additional funding has not yet been raised; the

⁵ For example, the maximum size of an individual project or activity within a programme, fiduciary functions and environmental and social risk category.

target is an additional USD 5 million. It will be focused on critical capacity-building and business development support for the KSV portfolio companies.

2.3 Track record

12. Acumen has almost 15 years of experience in providing funding for small and medium-sized enterprises that serve low-income communities in developing countries, primarily in Africa and the Asia-Pacific region. Acumen has financed projects that ranged between USD 20,000 and USD 5 million, with a project lifespan of 1 to 12 years. The applicant has a successful track record in sourcing and executing equity investment opportunities in the clean energy, agriculture and health-care sectors, which provide environmental and livelihood impacts, with project sizes falling within the GCF micro size category.

13. The results of its activities overlap with the results areas and impacts of the GCF in a number of areas. The applicant's activities, for example, include the distribution of solar lanterns, solar home systems, smoke-free cooking stoves and formal financial services, such as providing home improvement micro loans for low-income women and families in developing countries in Africa and the Asia-Pacific region.

III. Stage II accreditation review assessment

14. The applicant applied under the normal track accreditation process, and was assessed against the standards of the GCF by the AP during Stage II (Step 1).

15. As part of this assessment, the AP consulted the applicant's website and websites that comment on the track record and results of impact investment funds, and websites of foundations that have invested in funds managed by the applicant.

3.1 Fiduciary standards

3.1.1 Section 5.2: Specialized fiduciary standard for grant award and/or funding allocation mechanisms

16. The applicant's current grant award activities are focused on technical assistance grants provided directly to its investee companies. The existing grant award policies and procedures require further development to enable the applicant to appropriately manage separate technical assistance facilities (TAFs), such as that approved by the Board in decision B.11/11, paragraph (v), subject to an upgrade in Acumen's accreditation type for the specialized fiduciary criteria for grant award and/or funding allocation mechanisms.

17. The applicant's current grant award policies and procedures are suitable for the grant award activities it currently undertakes. Appropriate policies, procedures and guidance are in place to undertake due-diligence exercises, the evaluation of proposals and the awarding of grants. Furthermore, appropriate procedures are in place to monitor the correct use of grant funds, to ensure that funds which are not appropriately used can be recovered, and provisions are in place to ensure that the applicant can cancel, reduce or suspend grants in cases of misuse of funds.

18. The applicant's successful track record as an investment fund manager, and the information assessed during its initial accreditation process, provide a basis to conclude that the applicant has the requisite organizational controls and competencies to successfully implement the required improvements to its grant award policies and procedures, such that it is able to meet the GCF specialized fiduciary standard for grant award and/or funding allocation mechanisms.

19. The applicant has provided a detailed action plan for the implementation of the required improvements to its grant award policies and procedures, and this plan includes specific actions and completion dates. The action plan presented by the applicant addresses the following:
- (a) Terms of reference of the Technical Assistance Committee, including composition and functions of this governing body;
 - (b) Policies and procedures for the separate administration of the TAF funds;
 - (c) Development of the TAF Operational Manual. Furthermore, the applicant provided the proposed table of contents of this manual and, if properly implemented, the proposed operational policies and procedures would meet the GCF specialized fiduciary standard for grant award and/or funding allocation mechanisms regarding the management of grants awarded;
 - (d) Policies and procedures for procurement activities related to technical assistance financed through funds under a grant award and/or funding allocation mechanism;
 - (e) Procedures for the monitoring and evaluation of technical assistance activities financed through funds under a grant award and/or funding allocation mechanism, including guidelines for periodic reviews, reporting of results and evaluation of technical assistance impact;
 - (f) Policies and procedures for the publication of the grant award activities undertaken by the TAF, including a clear definition of the information to be published, the channels to be used and the timing of reporting; and
 - (g) A policy regarding the external audit of the TAF. The applicant will include provisions in its grant award procedures to ensure that the TAFs it manages are periodically audited, and that an external audit report is available, at least, on an annual basis.

IV. Conclusions and recommendation

4.1 Conclusions

20. Following its assessment, the AP concludes the following in relation to the application:
- (a) The applicant partially meets the requirements of the GCF specialized fiduciary standard for grant award and/or funding allocation mechanisms. However, upon full implementation of the action plan provided in its application, the applicant will meet the GCF requirements in relation to this standard.

4.2 Recommendation on accreditation

21. The AP recommends, for consideration by the Board, Acumen for an upgrade in its accreditation type as follows:
- (a) **Accreditation type:**
 - (i) **Fiduciary functions:**
 1. Specialized fiduciary standard for grant award and/or funding allocation mechanisms; and
 - (b) **Conditions:** the applicant will be required to submit to the AP, through the Secretariat, information on how it has complied with the conditions. The AP will thereafter assess whether the conditions have been met. This assessment will be communicated by the Secretariat, on behalf of the AP, to the Board for information purposes;

- (i) Conditions to be met prior to the first disbursement by the GCF for the first approved project/programme that has a grant award and/or funding allocation mechanism to be undertaken by the applicant:
 1. Fully implement all actions which are listed in the action plan provided in the “Implementation Roadmap” document as having a target completion date on or before the end of the second quarter of 2018; and
 2. Provide documentary evidence of the implementation of the actions mentioned above; and
 - (ii) Condition to be met within one year of the first disbursement by the GCF for an approved project/programme that has a grant award and/or funding allocation mechanism to be undertaken by the applicant:
 1. Provide evidence that the applicant has engaged an external auditor to review the TAF; and
 - (iii) Other condition to be met by the applicant:
 1. Submit the first audit report of the TAF within 120 days of year-end of the first year of TAF grant-making activity utilizing GCF funds.
22. The applicant has been informed of the recommendation for accreditation, including the accreditation type and condition(s), as identified in paragraph 21(b) above, and agrees to the recommendation.

4.3 Remarks

23. The action plan provided by the applicant references the TAF approved by the Board in decision B.11/11, paragraph (v), subject to an upgrade in Acumen’s accreditation type for the specialized fiduciary criteria for grant award and/or funding allocation mechanisms. It is understood, by the AP, that all of the grant award policies and procedures to be implemented under the referenced action plan, will be applicable to all TAFs developed by the applicant and funded by the GCF.

Annex IX: Additional entities of other relevant funds for fast-track accreditation eligibility

I. Background

1. In decision B.08/03, paragraphs (e–g), the Board decided that entities accredited by the Global Environment Facility (GEF), the Adaptation Fund (AF) and the Directorate-General for International Development and Cooperation (DG DEVCO) up to and including 17 October 2014 and in full compliance with those institutions’ requirements, as contained in annex V to decision B.08/03 (annex V to document B.08/45), are eligible to apply under the fast-track accreditation process for the accreditation requirements of the GCF identified in the relevant paragraphs of the decision.
2. In decisions B.10/06, B.12/30, B.14/09, B.15/09 and B.17/13 the Board expanded the list of entities eligible to apply under the same fast-track approach, assuming all prerequisite criteria were met to include those under the GEF, the AF and DG DEVCO up to and including 9 July 2015, 9 March 2016, 14 October 2016, 17 December 2016 and 6 July 2017, respectively.
3. The entity presented below has been accredited by DG DEVCO since 6 July 2017. No new entities have been accredited by the AF or the GEF since that time.

II. Directorate-General for International Development and Cooperation

Table 8: Directorate-General for International Development and Cooperation

Name	Acronym
International Organization for Migration	IOM

4. The international organization listed in table 8 has been confirmed either by DG DEVCO to the Secretariat or via evidence provided by the organization regarding its successful assessment against DG DEVCO pillar assessments, meets the requirements of the relevant European Union legislation and is authorized to carry out European Union budget implementation tasks without conditions concerning its institutional compliance.

Annex X: Simplified approvals process pilot scheme

I. Objective

1. The objective of this pilot scheme (“Pilot Scheme”) is to apply best practices in order to reduce the time and effort needed in the preparation, review, approval and disbursement procedures for proposals of certain activities, in particular small-scale activities. The details of the Pilot Scheme are set out below. Unless otherwise specifically modified herein, all other relevant GCF policies apply as usual to the Pilot Scheme.

II. Eligible projects/programmes

2. Subject to paragraph 4 below, this Pilot Scheme applies to projects and/or programmes which satisfy the following criteria:

- (a) Projects or programmes that are ready for scaling up and have the potential for transformation, promoting a paradigm shift to low-emission and climate-resilient development;
- (b) Projects or programmes with a GCF contribution of up to USD 10 million; and
- (c) Projects or programmes whose environmental and social risks and impacts are classified as minimal to none.

3. Projects or programmes falling within paragraph 2(c) above are typically considered to have minimal or no environmental and social risks and impacts. Activities under this category are project and context specific, and will be assessed on a case-by case basis, and include, among others:

- (a) Capacity development, planning support, institutional development, advisory services, communication and outreach, household-level facilities and production within an already built-up area and with no additional footprint (basic post-harvest processing, rainwater harvesting, pico- to micro-scale renewable energy, retrofit renewable energy systems and energy efficiency and conservation, agroforestry and small-scale climate resilient agriculture);
- (b) Early warning and other monitoring systems, response planning support;
- (c) In-situ rehabilitation of existing public facilities including maintenance and upgrading where waste will not be an issue, small-scale rural and urban community projects, village-level rural water supply and drainage (including smallholder farm irrigation such as drip irrigation, shallow wells, etc.), rural energy, small-scale infrastructure (including rehabilitation, maintenance and upgrading), small-scale watershed management and rehabilitation, climate resilient agriculture, habitat restoration and rehabilitation, soil and water conservation, forest management activities and agroforestry.

4. Projects and/or programmes that include known “risk factors” that would require additional information and more detailed due diligence and consultations by the relevant entities shall not be eligible for the Pilot Scheme notwithstanding that it meets the criteria set out in paragraph 2(a) above. The “risk factors” include but are not limited to:

- Activities with potential resettlement and dispossession, land acquisition, and economic displacement issues;

- Activities that may affect indigenous peoples;
- Activities within protected areas and areas of ecological significance including critical habitats, key biodiversity areas and internationally recognized conservation sites;
- Activities that may affect cultural heritage and physical cultural properties;
- Activities with critical infrastructure (like dams, water impoundments, coastal and river bank infrastructure) that would require further technical assessment and safety studies;
- Activities that may generate waste including hazardous waste and pollutants and require further studies on management, minimization and control and compliance to country and applicable international environmental quality standards;
- Activities that may adversely affect working conditions and health and safety of workers or potentially employ vulnerable categories of workers;
- Activities that may involve trans-boundary impacts including those that would require further due diligence and notification to downstream riparian states; and
- Activities that have associated facilities and require further due diligence of such associated facilities.

III. Eligible entities

5. The GCF shall only consider projects or programmes which have been submitted by entities which have already been accredited by the Board.

6. The Secretariat shall take appropriate measures to encourage and provide support to direct access entities to submit projects or programmes under this Pilot Scheme with the aim of ensuring that submissions from such entities constitute at least 50% of all approved projects under the Pilot Scheme.

IV. Project screening, review and approval

4.1 Project screening and further development

7. The Pilot Scheme will require the submission of a Concept Note (CN). The Concept Note shall set out a summary of the project or programme and details relating to the project size, the proposed extent of the GCF's participation and the environmental and social risks and impacts of the project or programme. The Secretariat will develop a simplified Concept Note template for this purpose as soon as possible.

8. The Secretariat will put in place the structure and process for review of proposals with target schedule and completion dates of reviews and report to the Board on the implementation of the structure and process by B.19.

9. The Concept Note may be submitted at any point during the operation of the Pilot Scheme and shall be accompanied by the results of the environmental and social risk screening that identify project-related environmental and social risks and impacts and their proposed mitigation measures.

10. Such screening by the entities will be conducted against standardized screening form which shall be developed and published by the Secretariat, and which shall be supplemented by

explanation on how the screening form should be completed by entities and how the screening will be conducted.

11. An Environmental and Social Action Plan (ESAP) may also be required that will describe the actions necessary to carry out the mitigation measures including timelines for their implementation, continuing consultations and engagement, monitoring and reporting, and actions to develop further the institutional environmental and social management system where gaps are identified. The ESAP will also identify any additional studies and work that will need to be carried out by the entity post approval stage and prior to the execution of relevant activities. The result of the environmental and social risk screening and the ESAP, as required, will allow the Secretariat to confirm the level of risk and the environmental and social safeguards requirements of the activities proposed for GCF financing and will be attached as a covenant to the Funding Proposal, becoming binding on the approval of the project. All environmental and social risks and impacts are to be checked by the Secretariat.
12. Upon receipt of the Concept Note and related documentation, the Secretariat shall first assess the eligibility of the proposed project or programme and the relevant entity. Concept Notes which satisfy the eligibility criteria set out in sections II and III shall then be developed into funding proposals.
13. Entities whose Concept Notes are eligible and whose screening has concluded in a positive determination shall be invited to submit a Funding Proposal for the Secretariat's review.
14. The Funding Proposal will follow a simplified format based on the updated project approval process and using a template that will be developed by the Secretariat for this purpose.
15. Funding proposals will include a pre-feasibility study, and be screened in relation to the environmental and social risks and impacts, stakeholder engagement undertaken, and grievance redress mechanisms, which will be put in place.
16. The entity proposing the project or programme will need to provide a summary of consultations and a stakeholder engagement plan including activity-level and entity-level grievance redress mechanisms following the guidance and standard format to be provided by the Secretariat.
17. The review of safeguards will take into account the results of the environmental and social risk screening and the ESAP, as required.
18. In addition, the Secretariat will provide technical support on how to complete Funding Proposals to relevant entities through the use of any appropriate means.

4.2 Project review

19. It is expected that the entity will conduct all relevant due diligence for the project or programme prior to the submission of a funding proposal.
20. The Secretariat will carry out its second-level due-diligence based on the simplified set of documents. The Secretariat will confirm the risk category of the project or programme activity. The Secretariat will confirm during project or programme assessment that all activities are consistent with the risk categories adopted.
21. Proposals under this Pilot Scheme will be subject to iTAP review on a rolling basis. This review will be based on the simplified set of documents.
22. Simplified financial and other terms shall be included with the Funding Proposal.

23. Pilot projects assessed with minimal to no ESS risks do not have ESS disclosure requirements by the submitting entities.

4.3 Project approval

24. Funding Proposals whose approval is recommended by the Secretariat shall be submitted to the Board for consideration during its regular meetings, until such time as a process for approving Funding Proposals under this Pilot Scheme through in-between Board meetings is adopted by the Board.

4.4 Post Approval

25. The Secretariat will implement the full post-approval process for approved Funding Proposals, in an expedited manner where possible, including in relation to the clearance of any conditions, and disbursements.

4.5 Implementation

26. The list of items attached as conditions and covenants to the project or programme will be implemented by the entity and monitored by the Secretariat

27. Any changes to project or programme design and implementation arrangements will trigger a project or programme restructuring process that will include re-assessment of project or programme risks and compliance with relevant GCF policies.

28. A robust monitoring system will be put in place to assist projects or programmes reach compliance, where possible gaps exist. This robust monitoring system may also build capacity of the entities to meet GCF standards and to be able to put forward full proposals in the future. The Secretariat will develop this monitoring system for the simplified approval process in this regard.

Annex XI: Draft terms of reference for the pilot programme for REDD-plus results-based payments

I. Introduction

1. At its fourteenth meeting, the Board requested the Secretariat to develop a request for proposals (RFP) for REDD-plus results-based payments (RBPs), including guidance consistent with the Warsaw Framework for REDD-plus and other REDD-plus decisions under the United Nations Framework Convention on Climate Change (UNFCCC).¹
2. The objective of the RFP pilot programme for REDD-plus RBPs is to operationalize REDD-plus results-based payments and gather experience to further improve the procedural and technical elements of RBPs using GCF resources in the learning stage.
3. The pilot programme will run from the launch of the RFP in October 2017 until the last meeting of the Board in 2022. A minimum of 3 Concept Notes from 3 different countries need to be submitted to initiate the RFP evaluation process. The assessment of the concept notes will occur in the order in which they were received by the Secretariat.
4. The RFP will encompass two stages: in the first stage, Concept Notes are received by the GCF on a rolling basis after the launch of the RFP, allowing any interested countries to apply. In the second stage, countries that are notified of their eligibility (according to the scoring in section 1 below) are invited to submit a Funding Proposal to the GCF.
5. A country can submit more than one proposal provided that the total amount of GCF payable volume of ERs will not exceed more than 30% of the size of the total envelope (see section 3.4 for details).

II. Eligibility criteria

6. Proposals must meet the following criteria:
 - (a) By the time of submission of a Concept Note, the following information related to UNFCCC requirements, including the elements reflected in decision 1/CP.16 paragraph 71, should be in place and made publicly available (e.g. on the UNFCCC REDD-plus web platform):
 - (i) The National REDD-plus Strategy or Action Plan;
 - (ii) FREL/FRL that is applied to the results period for which payments are requested has been submitted to the UNFCCC and has undergone the Convention's Technical Assessment² of FREL/FRL;
 - (iii) National Forest Monitoring System (i.e. description provided in the BUR Annex);
 - (iv) A safeguards information system (SIS) to inform how the safeguards are addressed and respected, and a summary of information on how all the Cancun REDD-plus safeguards were addressed and respected during the period for which payment for results is being requested.³

¹ GCF decision B.14/03.

² The FREL/FRL must be technically assess per UNFCCC decision 13/CP.19.

³ UNFCCC decision 9/CP.19 paragraph 11 and decision 17/CP.21.

- (b) The REDD-plus results, for which payments are requested, have been included in the Technical Annex of the country's BUR submitted to the UNFCCC by the time of submission of the RBP Concept Note; in addition, the Technical Analysis⁴ should be completed and the report made available on the UNFCCC website by the time of submitting the complete RBP Funding Proposal.
- (c) The scale of the REDD-plus results-based payments proposal is national or, on an interim basis, subnational.⁵
- (d) Written consent for participation in the RFP must be provided by the REDD-plus national entity/focal point to the UNFCCC where a national entity/focal point has been nominated by a country at the time of submission of the RBP concept note.
- (e) A no objection letter (NOL) must be provided by National Designated Authority (NDA)/focal point at the time of submission of the RBP Funding Proposal⁶.

III. Modality and scope

3.1 Access modality

7. The submission of REDD-plus RBP Funding Proposals should be through existing AEs to the GCF, in coordination with the REDD-plus national entity/focal point to the UNFCCC, and following the procedures defined by their corresponding National Designated Authority (NDA). In accordance with the Board's initial no-objection procedure, approved by decision B.08/10, a no-objection letter from the NDA/focal point is required for all REDD-plus RBP Funding Proposals. In addition, written consent from the REDD-plus national entity/focal point to the UNFCCC secretariat, where nominated by the country, must be provided.

3.2 Financial valuation of results

8. A fixed value of USD 5 per tonne of carbon dioxide (CO₂) equivalent of reduced emissions or enhanced removals, fully measured, reported and verified, consistent with UNFCCC methodological guidance and GCF requirements, will apply for the pilot programme. The final amount to be paid by the GCF per country will be determined based on a combination of factors including the scorecard results and available finance for the pilot programme and is subject to Board approval.

3.3 Eligibility period for results

9. Under the pilot programme, the GCF will accept for consideration the results from a country's BUR REDD-plus annex that have been technically assessed through the UNFCCC process starting 31 December 2013 (time of adoption of the Warsaw Framework for REDD-plus) until 31 December 2018.

⁴ The results measured against the reference levels, must pass through a technical analysis process per UNFCCC decision 14/CP.19.

⁵ See section 3.7.

⁶ GCF decision B.08/10.

3.4 Size of funding and allocation of payments

10. The REDD-plus pilot programme will be limited to a maximum amount of USD 500 million.

11. Considering a valuation of USD 5/tCO₂eq, the GCF would be able to pay for up to 100 million tCO₂eq emission reductions (ERs). The maximum amount of payments per country would be set at 30% of the total payable volume (30 MtCO₂eq) during the entire length of the pilot.

12. Proposals will be approved on a rolling basis. Once a country submits results for any year, they will be expected to present a significant⁷, indicative volume of results^[1] for each subsequent year for the remainder of the eligibility period. Results achieved and the estimate of results that are offered to the GCF for each year of the entire eligibility period will be used for portfolio planning, without binding implications, and respecting the 30% country cap on total volume of results. This estimation of results to be offered to the GCF will be used to determine an indicative country-specific allocation of funding, subject to available resources.

13. The payments will be provided following the steps below:

- **Step 1:** AEs propose a volume of achieved ERs to be considered for the pilot programme
- **Step 2:** The volume of ERs offered is translated into GCF volume of ERs applying the equation below, based on the scores of sections a) and b) of the Stage II Scorecard elements (see Annex III). The resulting GCF volume of ERs will not exceed 30% of the maximum payable volume of ERs per country in the entire period of eligible results:⁸

$$\text{Volume of ERs offered (X) } \frac{\text{Total score achieved}}{\text{Maximum score}} = \text{GCF volume of ERs}$$

Total score achieved = score achieved by the full proposal in section 2 of the scorecard in annex XII

Maximum score = 48 in accordance with the section 2 of the scorecard in annex XII

- **Step 3:** The resulting volume will be translated into payments by multiplying the GCF volume of ERs and the fixed value of USD 5 per tonne of carbon dioxide equivalent (CO₂).
- **Step 4:** For proposals scoring a 2 on Section 3b, an additional 2.5% of the resulting value from Step 3 will be included in the final payment.

3.5 Use of proceeds

14. Countries receiving REDD-plus RBP through the AEs must reinvest the proceeds in activities in line with their current or next Nationally Determined Contributions (NDCs) as established under the UNFCCC Paris Agreement, their REDD-plus strategies, or low-carbon development plans. These activities must also be consistent with the objectives of the GCF. Countries must provide a description of the anticipated use of proceeds, including the main activities to be conducted, the agencies or relevant stakeholders involved, the timeframe for

⁷ For example, annual indicative volume of results should be proportional to the overall level of results achieved in the relevant years.

⁸ A country could submit more than one proposal provided that the total amount of GCF volume of ERs will not exceed more than 30% of the overall payable volume of ERs.

implementation, and the assessment process for GCF safeguards, consistent with GCF policies. Compliance with GCF policies will be required as well as simplified reporting on the proposed activities.

3.6 Ownership and legal title

15. Ownership of the emissions reductions paid for by the GCF will not be transferred to the GCF. Payments should be recorded in the UNFCCC web portal and recipient countries' national counterpart, and corresponding results will no longer be eligible for RBPs under the GCF or in any other arrangement. Countries can consider, at their own discretion, to use the emission reductions towards achievement of their NDCs. The proposals should indicate the measures to be taken to ensure that such emissions reductions will not be transferred and/or used for any other purposes (e.g. offsetting). Host countries⁹ will be expected to covenant that no other party has a competing claim to the results proposed to the GCF for payment, in accordance with national policy, legal or regulatory framework¹⁰ and provide information in the funding proposal about how such results will be treated or used".

3.7 Scale of the proposal

16. Per UNFCCC guidance for REDD-plus, the proposals must represent tonnes of emissions reductions or enhanced removals at a national or, on an interim basis subnational level. Any subnational program proposal should be of significant scale, one political or ecosystem level down from national scale and defined by each country, demonstrating that an aggregation of such subnational scales can constitute the national level (e.g. states, provinces, biomes, etc.). Subnational level proposal should also demonstrate ambition to scale up to national level, and should demonstrate a contribution to national ambition for emissions reductions, for example, the NDC and/or the implementation of the national REDD-plus strategy.

3.8 Forest reference emission levels / forest reference levels (FREL/FRL) and results

17. The FREL/FRL and REDD-plus results reported on the UNFCCC REDD-plus web platform will be considered using the relevant criteria defined in the scorecard (see Annex III), building on the UNFCCC Technical Assessment of the FREL/FRL and Technical Analysis of the BUR Technical Annex.

3.9 Compliance with relevant GCF policies and procedures

18. **For the activities undertaken in the past.** The funding proposal will be accompanied with due diligence report(s) describing the extent to which the activities undertaken in the past leading to the results for which the RBP is requested have been implemented in a manner consistent with the following GCF policies: Environmental and Social Safeguard standards (ESS

⁹ Either through the NDA or national REDD-plus entity or focal point. See also UNFCCC decision 10/CP.19, paragraph 2.

¹⁰ In the instance in which there are no such national policy, legal or regulatory framework, a letter from the relevant overarching governmental authority, e.g. Presidency or Chancellery, may be provided.

Standards), Gender Policy and Interim Policy on Prohibited Practices. The due diligence reports will be assessed against the scorecard provided in Annex III¹¹.

- (a) **Interim Policy on Prohibited Practices:** The relevant accredited entity should deliver an appropriate due diligence report submitted alongside the funding proposal, to demonstrate that no prohibited practices occurred during the implementation of the activities that lead to the REDD-plus results. The AE should give a representation in the related FAA to this effect;
- (b) **Gender policy:** The AE should provide an assessment describing the extent to which the measures undertaken complied with the GCF gender policy. The GCF has the right in the relevant FAA to undertake investigations in relation to complaints and grievances raised by affected stakeholders and exercise appropriate remedies during the implementation period;
- (c) Environmental and social safeguards:¹²
- (i) **Due diligence:** the AE, in collaboration with the Host Country(ies), will prepare an environmental and social assessment (ESA) report describing the extent to which the measures undertaken to identify, assess, and manage environmental and social risks and impacts, in the context of the REDD-plus proposal, were consistent with the requirements of the applicable GCF ESS standards. The Secretariat, in its second-level due diligence, will take such assessment into account as part of its overall consideration of the funding proposal against the scorecard. This, along with the country's own assessment of how the Cancun safeguards were addressed and respected during the REDD-plus activities, will provide the basis for recommending the proposal to the Board for approval.
- (ii) **Stakeholder engagement:** Description of stakeholder engagement will form part of the information provided by the countries through the UNFCCC summary of information as well as the ESA prepared by the AEs. The assessment by the AE described in section (i) shall include a description of how the stakeholders were identified, informed, and consulted and how they have participated in the activities. The description by the AE shall also include summaries of consultations highlighting the concerns and issues that were put forward by the stakeholders and how these were responded to.
- (iii) **Grievance redress:** The ESA will include a description of the grievance redress mechanisms, or analogous system whether established as part of the REDD-plus activities or as integral to the system of the country. The ESA will also specify how the mechanisms were accessed, the complaints that were received, and how these were resolved.
19. **For the use of RBP proceeds.** The funding proposal will provide, in respect of the activities proposed to be financed by the REDD-plus RBP:
- (a) **Gender Policy:** The AE shall describe in the funding proposal how it will undertake activity-level gender assessment and action plan once the details of the activities become known.

¹¹ The application of the prospective Indigenous Peoples Policy for activities undertaken in the past will be considered through the Cancun Safeguards and the GCF ESS.

¹² Consistent with the IFC performance standards 6, "Biodiversity conservation and sustainable management of living natural resources", GCF funding should not be used to support the expansion of industrial scale logging or any other industrial scale extractive activity into areas that were primary/intact tropical forests.

- (b) **Indigenous Peoples' Policy:** With respect to the prospective Indigenous Peoples policy, the AE, as part of its due diligence report and funding proposal, shall describe how the activities will meet the requirements of the policy and guided by the prevailing relevant national laws and/or obligations of the countries directly applicable to the activities under relevant international treaties and agreements.
- (c) **Interim Policy on Prohibited Practices:** The AE shall provide information that assures that the activities with the use of proceeds will follow the interim policy on prohibited practices, such as: undisclosed prohibited practices, including money laundering and the financing of terrorism; improper subsequent use of GCF proceeds in the prohibited practices; and double payment or financing for the same results achieved, etc.
- (d) **Monitoring and Accountability Framework:** A simplified reporting regime be established in place of that set out in the MAF for the use of RBPs which should include information on the activities undertaken with GCF funding and reporting compliance with the above mentioned GCF policies. The reporting period would be consistent with the period of execution of the proceeds as presented in the description on how proceeds will be used.
- (e) Environmental and social safeguards:¹³
- (i) **Due diligence:** The AE should provide an environmental and social management framework (ESMF) that will describe how environmental and social risks and impacts will be identified, assessed and managed in a manner consistent with the GCF's ESS standards, including the determination of the relevant environmental and social risk category of the proposed activities.
 - (ii) **Risk category:** Based on the information provided in the Funding Proposal and the ESMF, the proposal will be categorized and disclosure period will be determined.
 - (iii) **Stakeholder engagement:** Information on consultations undertaken with affected and potentially affected communities during design and due diligence the activities to be supported by the RBP proceeds; and the stakeholder engagement plan describing the actions to ensure effective consultation and participation for period of implementation of the use of proceeds.
 - (iv) **Grievance redress:** Information on relevant grievance redress mechanism to be applied for the future activities.

IV. Proposal approval process for the REDD-plus results-based payment pilot programme

20. The RFP will encompass two stages: in the first stage, concept notes may be submitted to the GCF up to on a rolling basis through all the period of the RFP and before the last disbursement at the last Board meeting in 2022, allowing all interested countries that fulfilled the UNFCCC requirements¹⁴ to request REDD-plus results-based payments. In a second stage, eligible countries (per scoring of the Concept Note) are invited to submit a results-based

¹³ Consistent with the IFC performance standards 6, "Biodiversity conservation and sustainable management of living natural resources", GCF funding should not be used to support the expansion of industrial scale logging or any other industrial scale extractive activity into areas that were primary/intact tropical forests.

¹⁴ Countries should have all of the elements referred to in UNFCCC decision 1/CP.16, paragraph 71, in place, in accordance with UNFCCC decision 9/CP.19, paragraph 3.

payment (RBP) Funding Proposal to the GCF. The Board will consider RBP Funding Proposals based on the Secretariats' assessment and the recommendations from the Independent Technical Advisory Panel (ITAP).

21. The proposal approval process will follow the sequence provided in figure 2 below:

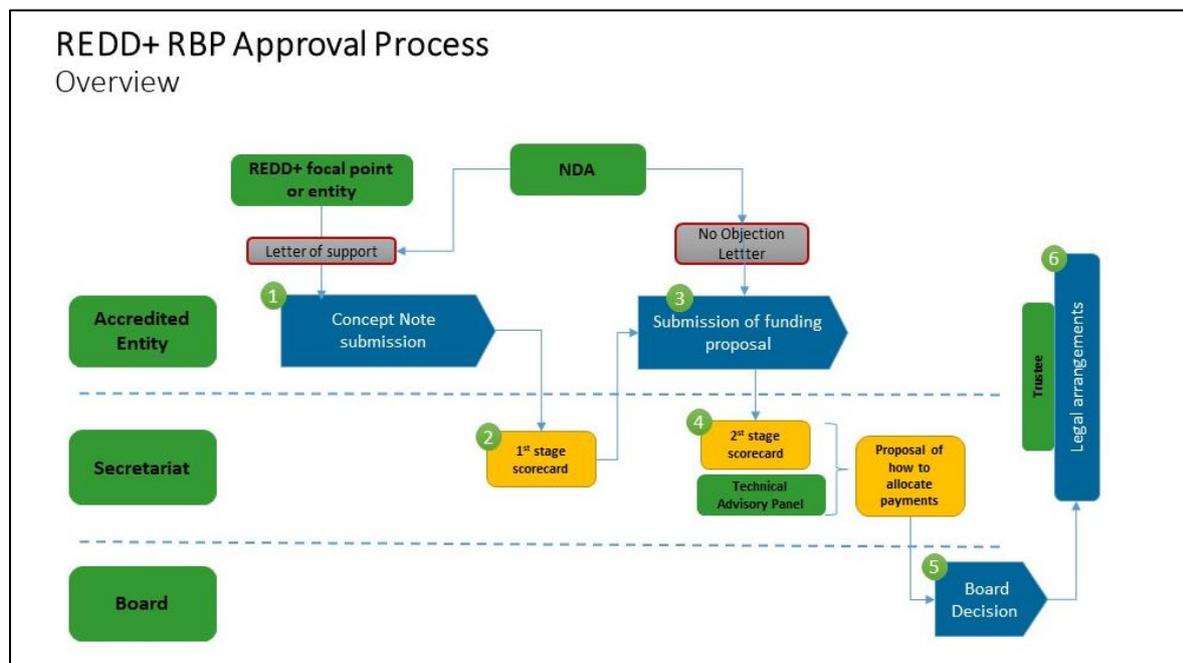


Figure 2: REDD-plus RBP proposal approval process

4.1 Stage 1: Submission of results-based payment Concept Notes:

22. The Concept Note should be submitted by the AE. It will be subject to the eligibility criteria as defined in section 1 of the scorecard contained in Annex III, and should follow the template developed by the GCF Secretariat for RBP Concept Notes. It should include:

- (a) References to relevant information in the UNFCCC REDD-plus web platform and other public documentation as required in the UNFCCC decisions, including:
 - (i) The FREL/FRL that is applied to the eligible results period for which payments are being requested, submitted to the UNFCCC, and confirmation that the Technical Assessment of a FREL/FRL has been finalized and the report is available on the UNFCCC REDD-plus web platform;
 - (ii) Evidence that the BUR Technical Annex containing the REDD-plus results for which payments are being requested, has been submitted to the UNFCCC and either evidence of the completed Technical Analysis or an indication of when the Technical Analysis will be completed;
 - (iii) Evidence that the System of Information on Safeguards (SIS) is in place;
 - (iv) Reference to the most recent summary of how safeguards covering the time period within which the results for which payment is being requested were achieved, were addressed and respected (referred to in Appendix I of 1/CP.16) during the results period on the UNFCCC REDD-plus web platform;
 - (v) Reference to the National REDD-plus Strategy or Action Plan;

-
- (vi) Evidence that the National Forest Monitoring System (NFMS) is in place, with, if appropriate, a subnational monitoring and reporting system (as an interim measure, in accordance with national circumstances), and link to where it is described (e.g. REDD-plus BUR annex);
- (b) An indication of the scale of the REDD-plus results-based payments proposal, which must be national or, on an interim basis, subnational¹⁵. In the case of a subnational scale proposal, information that demonstrates the ambition to scale up to national level and when the country expects to do so.
- (c) Information on payments that have been (or are expected to be) received from other sources for results recognized by the country from the same national or subnational area during the period for which a country is proposing to receive payments from the GCF; and sufficient assurance that results that have been paid for by other sources have been excluded from the total volume offered to the GCF.
- (d) Written consent for participation in the RFP provided by the REDD-plus national entity/focal point to the UNFCCC where a national entity/focal point has been nominated by a country.
- (e) A no objection letter (NOL) provided by National Designated Authority (NDA) at the time of submission of the RBP Funding Proposal.
23. The Concept Note may include additional information that supports the above required documentation or on other criteria mentioned in the scorecard.
24. The Concept Notes will be assessed by the Secretariat against the eligibility criteria as set out in section 1 of the scorecard contained in Annex III.
25. Concept Notes fulfilling the criteria will be invited to submit a complete RBP Funding Proposal. A Concept Note may be resubmitted considering the results of the scorecard allowing improvements after the first submission.

4.2 Stage 2: Developing a GCF REDD-plus results-based payment funding proposal:

26. A complete RBP Funding Proposal should be submitted by the selected AE. The complete Funding Proposal should be submitted consistent with the template developed specifically for REDD-plus RBP Funding Proposals. In addition to the references to the documents requested in the Concept Note, the proposal will require the following additional information:
- If not already submitted in the Concept Note, reference to the BUR Technical Annex containing the REDD-plus results for which payments are being requested, and the report of the completed Technical Analysis¹⁶ as made available on the UNFCCC website;
 - Achieved results offered to the pilot programme as well as indication of expected results to be achieved and offered to the GCF in the following years of the eligibility period;
 - A description of the alignment of the proposals with the GCF Investment Framework during the full period over which results were generated;

¹⁵ See section 3.7.

¹⁶ The results measured against the reference levels, must pass through a technical analysis process per UNFCCC decision 14/CP.19.

- The ESA describing how the activities leading to the relevant results align with the applicable and relevant requirements of the GCF environmental and social standards. The ESA should indicate how environmental and social risks have been managed, and how the activities complied with the national requirements during the full period of reported results;
- Any additional information on safeguards considered by the country to provide sufficient information to demonstrate that each Cancun safeguard has been addressed and respected in the full period during which results were generated;
- Evidence that demonstrates that the information on safeguards has been made transparently available to domestic and other stakeholders;
- A description of the measures to be undertaken for assurance that such emission reductions, for which payments are being requested, will not be transferred, offered for payments, and/or used for other purposes (e.g. offsetting);
- Information, to the extent possible, on how different financing (public and private, bilateral and multilateral) contributed to the achievement of the reported results;
- If applicable, a description of different FREL/FRLs used for other purposes;
- A description, with any available evidence, of non-carbon benefits associated with the implementation of REDD-plus activities during the eligibility period(optional);
- Countries are invited to provide information on the nature, scale and importance of non-carbon benefits for the long-term sustainability of REDD-plus activities (optional)¹⁷;
- A description of how the proceeds will be used consistent with the country's NDC and national REDD-plus strategy, and/or low-GHG development strategy including a timeline of implementation of public and private institutions involved as well as relevant stakeholders consistent with the objectives of the GCF and corresponding ESS requirements. It may also include a benefit sharing plan;
- Please describe how the plan for the use of proceeds will facilitate management of financial, technical and operational, social and environmental, and other risks
- If the scale of the FREL/FRL and results are subnational, a description of how the subnational scale is defined, how it contributes to national ambition for emissions reductions (e.g. toward the achievement of the NDC or the implementation of the REDD-plus strategy), a demonstration that an aggregation of such subnational units can constitute the national level, and information on when, and how, the country intends to scale its efforts up to the national level.

27. Subsequent submissions of funding proposals may be simplified, for example, if much of the relevant information remains the same. However, if basic eligibility elements, for example, if the FREL/FRL has changed, a new concept note would need to be submitted for approval by Secretariat.

28. Support from the project preparation facility (PPF) can be requested for the preparation of the RBP Funding Proposal in line with decision B.13/21.

4.3 Assessment of the results-based payments Funding Proposals and distribution of payments

¹⁷ Noting UNFCCC decision 18/CP.21.

29. The results already achieved in the proposals submitted will be considered by the Secretariat based on the scorecard included in Annex III. The indicative results to be achieved in the following years of the eligibility period will be considered for estimating potential payments and availability of funding for receiving proposals.

30. Depending on the number of funding proposals received, the Secretariat may take two to four weeks to respond and provide feedback to the AEs. The Secretariat may request additional information, clarification, and revision of the submission, based on its second-level due diligence.

31. After the second-level due diligence and completion of the review against the relevant sections of scorecard included in Annex III related to GCF policies and procedures done by the Secretariat, the independent Technical Advisory Panel (TAP) will assess the funding proposal using the scorecard provided in Annex III. The independent TAP should ensure relevant expertise for the review of the proposal, through the use of LULUCF experts selected from the UNFCCC roster of experts and with experience in REDD-plus assessment and analysis.¹⁸

32. The Secretariat will provide to the Board of a proposed results-based payments based on the results of the application of the scorecard by the Secretariat and independent TAP and the approach set out in section 3.4 above.

4.4 Board consideration

33. The Secretariat will submit a recommendation based on its review and the assessment report by ITAP to the Board for consideration and potential approval of qualified Funding Proposals. The Secretariat will also submit a proposed distribution of payments among qualified Funding Proposals based on the results of the application of the scorecard, the criteria set out in section 3.4 above.

4.5 Legal arrangements and disbursement:

34. The GCF will transfer funds through the accredited entity to the recipient defined in the funding proposal in a single disbursement after approval by the Board. The fees will be negotiated between the GCF and the accredited entity based on the delegated authority to the Executive Director of the GCF to decide a fee structure for RBPs. Further details on the legal arrangements will be developed for the purpose of the REDD-plus RBP and reflected in the funded activity agreement (FAA).

35. The Fund will have the rights to conduct ad hoc checks, evaluations and/or investigations in respect of the past activities that led to the REDD-plus results for which the RBPs have been made based on the information, due diligence reports and technical reports provided in the Funding Proposal.

36. The Fund will have rights under the FAA to seek refund of all or part of the RBP or to exercise other remedies in circumstances where past activities were conducted in a manner inconsistent with the requirements of the pilot programme.

V. Monitoring and progress control

¹⁸ GCF decision B.10/09: "The panel will, with the help of the Secretariat, draw on technical expertise, particularly including that from, but not limited to, the UNFCCC roster of experts and thematic bodies, as appropriate".

37. AEs will be required to provide reporting¹⁹ on the use of proceeds in compliance with GCF interim ESS standards, Gender Policy, Indigenous People's Policy and Interim Policy on Prohibited Practices in a form of a yearly report.

VI. Lessons learned

38. The current RFP shall not prejudice future GCF REDD-plus RBPs. The secretariat will conduct an analysis of the experience with, and the progress made towards achieving the objectives of the pilot programme for REDD-plus RBP for consideration by the Board no later than its last meeting in 2019.

¹⁹ A simplified reporting regime will be established in place of that set out in the MAF for the use of RBPs which should include information on the activities undertaken with GCF funding and reporting compliance with the above mentioned GCF policies. The reporting period would be consistent with the period of execution of the proceeds as presented in the description on how proceeds will be used.

Annex XII: Draft scorecard

Document	Scorecard sections	Type of assessment	Compliance with
Concept Note (Stage 1)	Section 1: Eligibility criteria <i>It is required that all mandatory criteria qualify as “pass” for a proposal to be eligible for the pilot programme.</i>	Pass/fail	UNFCCC and GCF
Funding Proposal (Stage 2)	Section 2: Carbon elements a. Forest Reference Emission Level or Forest Reference Level (FREL/FRL) b. REDD-plus results reporting (BUR Annex)	Quantitative	UNFCCC and GCF
	Section 3: Non-carbon elements a. Cancun Safeguards b. Use of proceeds and non-carbon benefits	Qualitative	UNFCCC and GCF
	Section 4: GCF Investment Framework <i>The criteria of the Investment Framework will be applied to inform on past actions towards achieving results.</i>	Qualitative	GCF
	Section 5: GCF Policies <i>Policies related o ESS, Risks, Gender and Monitoring and Evaluation would be considered for past and future actions where applicable.</i>	Qualitative	GCF

First stage scorecard (based on the Concept Note)

Section 1: Eligibility criteria	Evaluation	Indicative guidance
<i>In relation to UNFCCC decisions</i>		
(i) Has a link to the National REDD-plus strategy or Action Plan been provided to the UNFCCC REDD-plus platform or is otherwise publicly available?	Pass/Fail	If yes, provide link
(ii) Has information on the NFMS ¹ been provided [to the UNFCCC Web platform in case BUR annex is not yet submitted or] within the Technical Annex to the BUR?	Pass/Fail	If yes, provide link Noting Decision 1/CP.16, paragraph 71(c), footnote 7.
(iii) Has the FREL/FRL applicable to the results periods under consideration been submitted and its Technical Assessment (TA) finalized?	Pass/Fail	If yes, provide links to the FREL/FRL and the TA report.
(iv) Is a system in place for providing information on how all of the safeguards referred to in Appendix I of 1/CP.16 are addressed and respected?	Pass/Fail	If yes, provide evidence of the system
(v) Has a summary of information been provided to the UNFCCC Information Hub or in the National Communication on how all of the safeguards were addressed and respected during the results period under consideration?	Pass/Fail	If yes, provide link
(vi) Have REDD-plus results, within the eligible period for the RfP, been reported in a Technical Annex to the BUR?	Pass/Fail	If yes, provide link to the BUR (should appear on UNFCCC website)
(vii) Has the Technical Analysis been completed or an expected date of completion been provided?	Pass/Fail	If yes, provide link of the report or provide evidence of when the Technical Analysis will be concluded
<i>Eligible scale</i>		
(viii) Is the scale of results at a national or, on an interim basis, subnational level?	Pass/Fail	If yes, see section 3.7 for definition of subnational level
<i>Other</i>		
(ix) Does the Concept Note include a No Objection Letter from the NDA and written consent from the National REDD-plus Focal Point or Entity?	Pass/Fail	If yes, provide supporting evidence (e.g. letter from REDD-plus focal point or entity)
Total Concept Note Assessment	Pass/Fail	<i>Pass requires "pass" on all elements above</i>

¹ Noting UNFCCC decision 1/CP.16, paragraph 71(c), footnote 7.

Second stage scorecard (based on the Funding Proposal)

Section 2: Carbon Elements*	Evaluation	Indicative guidance
Section 2a. Forest Reference Emission Level / Forest Reference Level (FREL/FRL)		
<i>The following items are scored on the basis of the UNFCCC Technical Assessment Report]</i>		
(i) Is the FREL/FRL consistent with the GHG inventory, including the definition of forest used?	0 to 2	0 = no 1 = evidence inconsistencies will be resolved in the next GHG inventory or FREL/FRL, or justified 2 = yes
(ii) Is the FREL/FRL based on historical data and is it equal to or below the average annual historical emissions during the reference period, unless a country is an HFLD country? For countries that have consistently maintained high forest cover and low deforestation rates an adjustment that: <ul style="list-style-type: none"> - does not exceed 0.1% of the carbon stock over the eligibility period in the relevant national or subnational area, and - does not exceed 10% of the FREL/FRL may be applied to the average annual historical emissions to reflect quantified, documented changes in circumstances during the reference period that likely underestimate future rates of deforestation or forest degradation during the eligibility period.	Pass/Fail	Fail = The FREL is not based on average annual historical emissions and the country is not an HFLD; if the country is an HFLD the proposed adjustment exceed 0.1% of the carbon stock over the eligibility period in the relevant national or subnational area, and/or exceed 10% of the FREL/FRL, Pass (2 points) = The FREL/FRL is equal to average annual historical emissions OR for HFLD countries, the FREL/FRL is adjusted not exceeding 0.1% of the carbon stock over the eligibility period in the relevant national or subnational area and does not exceed 10% of the FREL/FRL to reflect quantified documented changes in circumstances during the reference period that likely underestimate future rates of deforestation or forest degradation during the eligibility period.
(iii) Is the FREL/FRL in accordance with the guidelines in Decision 12/CP.17?	Fail or score	Fail= no 1 = Yes, and the overall issue(s) raised are material to the quantified estimate of the FREL/FRL 2 = yes, although the overall issue(s) raised are not material to the quantified estimate of the FREL/FRL
(iv) Is the data and information provided in for the FREL/FRL transparent? (has information been provided to allow an understanding of how UNFCCC guidance on results reporting has been addressed?)	Fail or score	Fail = significant issues that are material to the transparency of the FREL/FRL were raised and not resolved 1 = significant issues were raised and were resolved; or issues that were not resolved due to the limitation of time and data but were not material to the transparency of the FREL/FRL, and the country has provided a plan on how it will seek to overcome them

		2 = no significant issues were raised
(v) Is the FREL/FRL complete? (has information been provided that allows for the reconstruction of the FREL/FRL?)	Fail or score	Fail = significant issues that are material to the understanding of FREL/FRL were raised and not resolved 1 = significant issues were raised and were resolved; or issues that were not resolved due to the limitation of time and data but were not material to the completeness of the FREL/FRL, and the country has provided a plan on how it will seek to overcome them 2 = no significant issues were raised
(vi) Is the FREL/FRL consistent? (were data and methodologies applied consistently over the time series used for the construction of the FREL/FRL?)	Fail or score	Fail = significant issues that are material to the consistency of the FREL/FRL were raised and not resolved 1 = significant issues were raised and were resolved; or issues that were not resolved due to the limitation of time and data but were not material to the consistency of the FREL/FRL, and the country has provided a plan on how it will seek to overcome them 2 = no significant issues were raised
(vii) Is the FREL/FRL accurate? (The data and methodologies used neither over- nor under-estimate emissions and/or removals during the reference period, so far as can be judged)	Fail or score	Fail = significant issues that are material to the accuracy of the FREL/FRL were raised and not resolved 1 = significant issues were raised and were resolved; or issues that were not resolved due to the limitation of time and data but were not material to the accuracy of the FREL/FRL, and the country has provided a plan on how it will seek to overcome them 2 = no significant issues were raised
(viii) Have all REDD-plus activities that are a significant source of emissions been included?	Fail or score	Fail = no, with insufficient justification provided 1 = no, but justified due to lack of data and/or the omission does not overestimate emissions or underestimate removals, noting that countries should indicate a plan to include data in the future 2 = yes
(ix) Have all of the most significant pools been included?	0 to 2	0= no 1 = no, but justified due to lack of data and/or the omission does not overestimate emissions or underestimate removals, noting that countries should indicate a plan to include data in the future 2= yes

(x) Have all gases that are a significant source of emissions been included?	0 to 2	0= no 1 = no, but justified due to lack of data and/or the omission does not overestimate emissions, noting that countries should indicate a plan to include data in the future 2= yes
(xi) Is the information provided in the construction of the FREL/FRL (data, methodologies and estimates) guided by the most recent applicable IPCC guidance and guidelines as adopted by the COP ² ?	Fail or score	Fail – not guided by IPCC guidance 1 – guided by 2003 GPGs 2 – guided by 2006 GLs
(xii) Have any significant issues related to the application of IPCC GLs/GPGs been raised in the TA report?	Fail or score	Fail = significant issues that are material to the alignment with the methodologies of the IPCC GLs/GPGs were raised and not resolved 1 – significant issues were raised and could not be resolved due to the limitation of time and data, and the country has provided a plan on how it will seek to overcome them 2 – no significant issues were raised
<i>The following criteria are additional to the UNFCCC Technical Assessment and Analysis process</i>		
(xiii) What is the ref period for the FREL/FRL?	Fail or score	Fail: < 5 years or > 20 ³ 1: 5-9 or 16-20 2: 10-15 years
(xiv) How does the reference level for the results included in the proposal compare to the previous ref level that applies to the same area?	Fail or score	Fail – the later reference level reflects higher emissions level or lower removals 1 – no adjustment made or no previous FREL/FRL submission 2 – later reference level reflects lower emissions level or higher removals
(xv) Has the country provided information on aggregate uncertainties, taking into account national capabilities and circumstances?	Fail or score	0: No information on uncertainties provided or > 50% Note: 0 = FAIL for FRELS submitted for assessment from 2019 if no information on uncertainties has been provided. 1: < 50%, and assumptions and sources of uncertainties are identified and assessed for their relative contribution

² Noting that for the estimation of forest-related emissions and removals there are very few substantial differences between the 2003 GPGs /2006 GL (i.e. guidance on HWPs).

³ Countries that have already submitted FREL/FRLs with longer reference periods as of the launch of this RfP, or those submitting for assessment in 2018, may provide a recalculation of the FREL/FRL and results based on submitted and technically assessed and analyzed data/information, without changing the annualized estimations and using the same methodologies.

		2: < 30%, and most sources of error are included and process has been implemented to minimize systematic and random errors
Section 2b. REDD-plus Results reporting		
<i>The following items are scored on the basis of the UNFCCC Technical Analysis report of the reporting of REDD-plus results (in the technical annex to the BUR, results considered as assessed in the TA report)</i>		
(i) Are the reported results in the technical annex to the BUR consistent with the FREL/FRL? (including the inclusion of same pools, activities and gases)	Pass/Fail	Pass = yes (2 points) Fail = no
(ii) Is the data and information provided in the technical annex transparent? (has information been provided to allow an understanding of how UNFCCC guidance on results reporting has been addressed?)	Fail or score	Fail = significant issues that are material to the transparency of the FREL/FRL were raised and not resolved 1 – significant issues were raised and were resolved; or issues that were not resolved due to the limitation of time and data but were not material to the transparency of the results, and the country has provided a plan on how it will seek to overcome them 2 – no significant issues were raised
(iii) Is the data and information provided in the technical annex complete? (has information been provided that allows for the reconstruction of the results?)	Fail or score	Fail – significant issues that are material to the understanding of FREL/FRL were raised and not resolved 1 – significant issues were raised and were resolved; or issues that were not resolved due to the limitation of time and data but were not material to the completeness of the results, and the country has provided a plan on how it will seek to overcome them 2 – no significant issues were raised
(iv) Is the data and information provided in the technical annex consistent? (were data and methodologies applied consistently over the results time series?)	Fail or score	Fail = significant issues that are material to the consistency of the FREL/FRL were raised and not resolved 1 – significant issues were raised and were resolved; or issues that were not resolved due to the limitation of time and data but were not material to the consistency of the results, and the country has provided a plan on how it will seek to overcome them 2 – no significant issues were raised
(v) Is the data and information provided in the technical annex accurate? (does it neither over- nor under-estimate emissions and/or removals?)	Fail or score	Fail = significant issues that are material to the accuracy of the FREL/FRL were raised and not resolved

		1 – significant issues were raised and were resolved; or issues that were not resolved due to the limitation of time and data but were not material to the accuracy of the results, and the country has provided a plan on how it will seek to overcome them 2 – no significant issues were raised
(vi) What is the number of years between the last year of the FREL period, and the year corresponding to the results being proposed for payments?	Scoring	0 – 10 or more years 1 – 6 to 9 years 2 – 5 or less
<i>The following items are based on additional information required by the GCF</i>		
(vii) Has the country provided information on aggregate uncertainties, taking into account national capabilities and circumstances?	Fail or score	0: No information on uncertainties provided or > 50% Note: 0 = FAIL for FRELS submitted for assessment from 2019 if no information on uncertainties has been provided. 1: < 50%, and assumptions and sources of uncertainties are identified and assessed for their relative contribution 2: < 30%, and most sources of error are included and process has been implemented to minimize systematic and random errors
(viii) Has information been provided on payments that have been (or are expected to be) received from other sources for results recognized by the country ⁴ from the same national or subnational area during the period for which a country is proposing to receive payments from the GCF? And has the country provided sufficient assurance that results that have been paid for by other sources have been excluded from the total volume offered to the GCF?	Pass/Fail	Fail = no Pass = yes (2 points)
(ix) Are the results proposed to the GCF for payment included in a registry or similar system, that tracks emission reductions and corresponding payments ⁵ to ensure there is no past or future double payment [or use] of such ERs?	Pass/Fail	Fail = no Pass = yes (2 points)
TOTAL		Maximum total = 48

***Fail on one criteria implies failing the programme.**

⁴ Through the REDD-plus national entity or focal point, where appointed.

⁵ Tracking information should at a minimum identify for each of these results the corresponding national or subnational area, the entity eligible to receive payment, the year generated, and the source of results-based payments received and, where possible, the identifying number.

Section 3: Non-carbon elements*	Evaluation	Indicative guidance
Section 3a: Safeguards in 1/CP.16, Appendix I (i.e. the “Cancun Safeguards”)		
<i>The following is based on the “Summary of information on how the safeguards in 1/CP.16 are being addressed and respected throughout the implementation of activities” (Decision 12/CP.17).</i>		
Does the “summary of information on safeguards” provide information on how each of the safeguards below were addressed and respected in a way that ensures transparency, consistency, comprehensiveness and effectiveness:		
(i) That actions complement or are consistent with the objectives of national forest programmes and relevant international conventions and agreements.	Pass/Fail	Fail = the summary is missing information to understand how the safeguard has been addressed and respected. Pass = the summary provides information on how the safeguard was addressed and respected taking into account decision 17/CP.21
(ii) Transparent and effective national forest governance structures, taking into account national legislation and sovereignty.	Pass/Fail	
(iii) Respect for the knowledge and rights of indigenous peoples and members of local communities, by taking into account relevant international obligations, national circumstances and laws, and noting that the United Nations General Assembly has adopted the United Nations Declaration on the Rights of Indigenous Peoples.	Pass/Fail	
(iv) The full and effective participation of relevant stakeholders, in particular indigenous peoples and local communities, in the actions referred to in paragraphs 70 and 72 of this decision.	Pass/Fail	
(v) That actions are consistent with the conservation of natural forests and biological diversity, ensuring that the actions referred to in paragraph 70 of this decision are not used for the conversion of natural forests, but are instead used to incentivize the 12 protection and conservation of natural forests and their ecosystem services, and to enhance other social and environmental benefits.	Pass/Fail	
(vi) Actions to address the risks of reversals.	Pass/Fail	
(vii) Actions to reduce displacement of emissions.	Pass/Fail	
Section 3b: Use of proceeds and non-carbon benefits		

<p>Has information been provided on how proceeds will be used consistent with GCF policies? Has information been provided on how the proceeds will be used in a manner consistent with the country's NDC, national REDD-plus strategy and/or low carbon development plans and policies? Has information been provided on how the proceeds used in a manner that contributes to the long-term sustainability of REDD-plus activities, including non-carbon benefits?</p>	<p>Fail or score</p>	<p>FAIL = information not consistent with GCF policies, or not in line with a country's NDC, national REDD-plus strategy and/or low carbon development plans and policies? 1 = Information is consistent with GCF policies, and is in line with the country's NDC, national REDD-plus strategy and/or low carbon development plans and policies. 2 = Information is consistent with GCF policies, and is in line with the country's NDC, national REDD-plus strategy and/or low carbon development plans and policies, and explains the nature, scale and importance of NCBs for the long-term sustainability of REDD-plus activities.</p>
<p>TOTAL score section 3b</p>		

***Fail on one criteria implies failing the programme.**

Second stage scorecard (based on Funding Proposal)

Section 4: Investment Framework	Evaluation (If applicable) ⁶	Definition
Impact Potential	high/medium/ low	Potential of the programme to contribute to the achievement of the Fund's objectives and result areas
Paradigm Shift Potential	high/medium/ low	Degree to which the REDD-plus activity can catalyze impact beyond a one-off programme investment
Sustainable development potential	high/medium/ low	Wider benefits and priorities, including environmental, social and economic
Needs of the recipient	high/medium/ low	Vulnerability and financing needs of the beneficiary country and population
Country Ownership	high/medium/ low	Beneficiary country ownership of, and capacity to implement a funded project or programme (policies, climate strategies and institutions)
Efficiency and effectiveness	high/medium/ low	Economic and, if appropriate, financial soundness of the programme

⁶ Following decision B.09/05, the evaluation is applicable for medium- and large-size proposals.

Section 5: GCF Policies	Evaluation	Score	Indicative guidance for the period of the results considered in the RFP	Indicative Guidance for the use of proceeds
Environmental and Social Safeguards (ESS)	Pass/fail		Adequate and sufficient information provided in an environmental and social assessment (ESA) report describing the extent to which the measures undertaken to identify, assess, and manage environmental and social risks and impacts, in the context of the REDD-plus proposal, were consistent with the requirements of the applicable GCF ESS standards. ⁷ This supplements information containing the country's own assessment as to how the Cancun safeguards were addressed and respected in the REDD-plus activities.	Adequate and sufficient information provided in an environmental and social management framework (ESMF) that will describe how environmental and social risks and impacts will be identified, assessed and managed in a manner consistent with the GCF's ESS standards ⁸ , including the determination of the relevant environmental and social risk category of the proposed activities.
Risk Assessment	Pass/fail		Adequate and sufficient information provided that allows for an assessment of the historical performance of the activities undertaken (track record) against the risk tolerance levels specified in the Risk Appetite Statement and the criteria (where applicable) outlined in the Risk Guidelines for Funding Proposals.	Adequate and sufficient information provided that details how the plan for the use of proceeds does not violate the risk tolerance levels specified in the Risk Appetite Statement and allows for performance monitoring and evaluation against the criteria (where applicable) outlined in the Risk Guidelines for Funding Proposals.
Gender	Pass/fail		Adequate and sufficient information provided in the assessment describing the extent to which the measures undertaken complied with the GCF gender policy.	Adequate and sufficient information provided on how the AE will undertake activity-level gender assessment and action plan once the details of the activities become known.
Monitoring and Evaluation	Pass/fail		N/A	Adequate and sufficient information provided on how the activities to be undertaken with the GCF proceeds comply with the GCF Monitoring and Accountability Framework.
Interim policy on prohibited practices	Pass/fail		39. Appropriate and sufficient information provided in a due diligence report to demonstrate that no prohibited practices occurred during the implementation of the activities that lead to the REDD-plus results, such as: undisclosed prohibited practices, including money laundering and the financing of terrorism, occurred during	40. Appropriate and sufficient information provided that assures that the activities with use of proceeds will follow the interim policy on prohibited practices, such as: undisclosed prohibited practices, including money laundering and the financing of terrorism; improper subsequent use of GCF proceeds in the prohibited

⁷ Decision B.07/02.

⁸ Decision B.07/02.

			the implementation of results-based actions; and double payment or financing for the same results achieved.	practices; and double payment or financing for the same results achieved, etc.
Indigenous Peoples' Policy	Pass/fail		<p>41. N/A</p> <p>42. The application of the prospective Indigenous Peoples Policy for activities undertaken in the past will be considered through the Cancun Safeguards and the GCF ESS</p>	<p>43. Adequate and sufficient information provided on how the activities will meet the requirements of the policy and guided by the prevailing relevant national laws and/or obligations of the countries directly applicable to the activities under relevant international treaties and agreements.</p>

Annex XIII: List of conditions and recommendations

1. The approval of the funding proposals approved by the Board pursuant to decision B.18/08 shall be conditional upon the satisfaction of the requirements set out in tables 1 and 2.

Table 1: General requirements applicable to all funding proposals

Funding proposal number	Requirements
All proposals	<p>(i) Signing of the funded activity agreement (“FAA”) in a form and substance satisfactory to the GCF Secretariat within 180 days of the date of Board approval or the date when all internal approvals by the accredited entity are obtained, or date of effectiveness of the accreditation master agreement (“AMA”) entered into with the relevant accredited entity, whichever is later.</p> <p><u>Satisfaction of the following conditions prior to the signing of the FAA:</u></p> <p>(ii) Completion of the legal due diligence to the GCF Secretariat satisfaction¹; and</p> <p>(iii) Submission of a certificate in a form and substance that is satisfactory to the GCF’s Secretariat, within 120 days after Board approval, or the date of effectiveness of the AMA entered into with the relevant accredited entity, whichever is later, confirming that the accredited entity has obtained all final internal approvals needed to implement the project/programme and it has the capacity and authority to implement the proposed project/programme.</p>

Table 2: Requirements specific to individual funding proposals²

Funding proposal number	Requirements
FP 046 (XacBank Mongolia)	<p><i>Conditions from the Board</i></p> <p>(i) The accredited entity shall extend the entire approved GCF funding amount solely in the form of a senior loan to finance the solar power plant;</p> <p>(ii) Prior to the signing of the Funded Activity Agreement, the accredited entity shall deliver to the Fund a third-party report, to the satisfaction to the GCF Secretariat, confirming that the project will not crowd-out other private sector renewable energy projects that were licensed by the Energy Regulatory Commission of Mongolia in the Choir area at the date of the decision approving the project by the GCF.</p>
FP 047 (EBRD Kazakhstan)	None.
FP 048 (IDB MSMEs)	None.

¹ In the event of inconsistency between this condition and any equivalent condition in a term sheet, the conditions in the relevant term sheet shall prevail.

² The requirements set out in this table are in addition to those set out in the term sheets / confirmations for the relevant Funding Proposal. In the case of Secretariat conditions for public sector funding proposals, the relevant project-specific conditions agreed in the term sheet are listed here for the Board’s reference.

<p>FP 049 (WFP Senegal)</p>	<p><u>Inclusion of the following covenants in the FAA:</u></p> <p><i>Relevant Secretariat covenants:</i></p> <p>(i) The Accredited Entity shall create a grievance redress mechanism that will, in addition to the Independent Redress Mechanism of the GCF and the redress mechanism of the Accredited Entity, be able to effectively receive and resolve grievances due to the Project, and shall inform the GCF Secretariat, in the Annual Performance Reports (APRs), of how the existence and access details to the grievance redress mechanism have been communicated to the affected or potentially affected peoples and communities.</p>
<p>FP 050 (WWF Bhutan)</p>	<p><u>Satisfaction of the following conditions prior to the signing of the FAA</u></p> <p><i>Relevant Secretariat conditions</i></p> <p>(i) Confirmation by the Accredited Entity on the fiduciary capacity of the Executing Entities, to assess capacity, policies, procedures and controls of the Executing Entities meet WWF's financial management and procurement standards; and</p> <p>(ii) Confirmation in writing by the Accredited Entity that all co-financing that is necessary to close the Transition Fund in the amount of USD 91,670,648 is fully committed in the form of legally binding agreements.</p> <p><u>Satisfaction of the following conditions prior to the first disbursement under the FAA:</u></p> <p><i>Relevant Secretariat conditions</i></p> <p>(i) A written confirmation by the Accredited Entity that the Transition Fund has the authority and capacity to receive, hold and manage funds.</p> <p><u>Satisfaction of the following conditions prior to all disbursements under the FAA, except the first:</u></p> <p><i>Relevant Secretariat conditions</i></p> <p>(i) Submission by the Accredited Entity of the following documents:</p> <p>(1) APRs, including technical and financial monitoring and reporting on BFL to ensure that:</p> <ul style="list-style-type: none"> - All Activities planned in a given year, as specified in the Funding Proposal are implemented; and - All Milestones and Indicator Targets, as specified in the Funding Proposal, relevant to a given year are achieved. <p>(2) Evidence showing no-net-loss of area under Protected Areas;</p> <p>(3) Evidence showing RGoB budget allocation for the BFL project corresponding to a 20% real increase for the first year, and a 5.2% real increase for each subsequent year until the end of the 14 years Transition Fund period;</p> <p>(4) Evidence showing that the RGoB through the Bhutan Trust Fund for Environmental Conservation contributes at least 500,000 USD per year to support BFL activities throughout the 14 year life of the Transition Fund in addition to the RGOB budget increases specified in point (3) above; and</p> <p>(5) Report of the activities and hectares of restored and reforested land.</p>

<p>FP051 (UNDP Bosnia- Herzegovina)</p>	<p><u>Satisfaction of the following conditions prior to the first disbursement under the FAA:</u></p> <p><i>Relevant iTAP conditions</i></p> <p>(i) In order to measure the mitigative performance of this Project, a clear monitoring and reporting procedure guiding this Project shall be agreed between the Accredited Entity and the Secretariat, prior to the first disbursement.</p> <p><u>Satisfaction of the following conditions prior to all disbursements under the FAA, except the first:</u></p> <p><i>Relevant Secretariat conditions</i></p> <p>(i) Except for the first disbursement, submission by UNDP of annual performance reports (APRs) and financial reports, including evidence of the achievement of the milestones specified in Clause 6 of this Term Sheet, in form and substance agreed by the Parties and in accordance with the AMA;</p> <p><i>Relevant iTAP conditions</i></p> <p>(ii) The monitoring and reporting report shall be submitted on an annual basis as part of the APRs by the Accredited Entity to the Fund.</p>
<p>FP052 (ADB Nauru)</p>	<p><u>Inclusion of the following covenants in the FAA:</u></p> <p><i>Relevant Secretariat covenants</i></p> <p>(i) Prior to commencing any construction works or activities for the implementation of the Project, the Accredited Entity shall submit the detailed Construction Environmental Management Plan (CEMP) related to the relevant construction works or activities to be executed and addressing key issues identified in the due diligence, including but not limited to, waste management, associated facilities, cumulative impacts, stakeholder engagement and community relations, chance find procedure, oil spill contingency, early warning, and emergency preparedness and response.</p>
<p>FP053 (UNDP Egypt)</p>	<p><i>None.</i></p>
<p>FP054 (CAF Argentina)</p>	<p><u>Satisfaction of the following conditions prior to the first disbursement under the FAA:</u></p> <p><i>Relevant Secretariat conditions</i></p> <p>(i) Delivery by the Accredited Entity to the GCF Secretariat of the OM, which shall detail all operative processes and set forth the financial administrative aspects, including procurement processes, and along with the written confirmation of the Accredited Entity's non-objection to such OM.</p> <p><u>Satisfaction of the following conditions prior to the second disbursement of non-reimbursable funds:</u></p> <p><i>Relevant Secretariat conditions</i></p> <p>(i) Delivery to the GCF Secretariat by the Accredited Entity of a written confirmation that the PBA has developed, to the satisfaction of the Accredited Entity, and is committed to implement, a detailed Knowledge and Dissemination Strategy for the Project which shall enhance the role of the COMILU.</p> <p><u>Inclusion of the following covenants in the FAA:</u></p> <p><i>Relevant Secretariat covenants</i></p> <p>(i) Prior to commencing any construction works or activities for the implementation of the Project, the Accredited Entity shall submit to the</p>

	<p>Fund, in English, the detailed Environmental and Social Impacts Assessments (ESIAs) and Environmental and Social Management Plan (ESMPs) related to the relevant construction works, activities within protected areas or activities to be executed, including copies of all relevant environmental and social permits and clearances from competent authorities, in a form and substance satisfactory to the GCF Secretariat. Such detailed ESIs and ESMPs shall take into consideration relevant conditions of the areas including cultural heritage and properties and shall involve transparent and inclusive stakeholder consultations, in accordance to the Community Relations Plan. Upon reception of the ESIs and/or ESMPs, the GCF Secretariat may provide comments to such documents within seven (7) working days;</p> <p>(ii) At the time of the provisional receipt of each construction work by the PBA under the Project, the Accredited Entity shall submit to the Fund, in the original language (Spanish) and together with a comprehensive summary in English, in a form and substance satisfactory to the GCF Secretariat, the relevant Operation and Maintenance Plan(s), which have been approved by the PBA and satisfactory to CAF, which shall include: (1) a description of the operation, maintenance and management of the work, equipment or system being funded by the Project, and the names of those responsible; (2) a quantification of resources required for operation and maintenance purposes, and financing sources; (3) monitoring mechanisms; and (4) an agreement for transfer of works to a relevant entity, if applicable;</p> <p>(iii) In the event that the Accredited Entity decides to assign a part of its credit under the Loan Agreement to third parties, the Fund shall have the right to participate in such assignment of credit, in the same proportion and on the same terms as the Accredited Entity.</p>
<p>FP056 (UNDP Colombia)</p>	<p><u>Satisfaction of the following conditions prior to the second disbursement under the FAA:</u></p> <p><i>Relevant Secretariat conditions</i></p> <p>(i) Delivery by the Accredited Entity to the Fund, in a form and substance acceptable to the GCF Secretariat, of the Operations and Maintenance Manual (O&M manual) finalised to the satisfaction of the GCF Secretariat;</p> <p><i>Relevant iTAP conditions</i></p> <p>(ii) UNDP must provide a report satisfactory to GCF Secretariat that: (1) The management, operation, maintenance, and monitoring schemes of the mini-aqueducts are developed and operational; and (2) the programme and coverage of the agro-ecological systems is being implemented by the service provider, as indicated in the funding proposal, specifying the recipient communities and the management and monitoring arrangements.</p> <p><u>Inclusion of the following covenants in the FAA:</u></p> <p><i>Relevant Secretariat covenants</i></p> <p>(i) The Accredited Entity shall ensure that full and prior agreement from the affected communities is obtained in cases where access restrictions to certain areas, for any period of time, are caused due to the implementation of the project, and that any such restrictions do not result in temporary or permanent economic displacement of communities.</p>
<p>FP058 (MOFEC Ethiopia)</p>	<p><u>Satisfaction of the following conditions prior to the signing of the FAA:</u></p> <p><i>Relevant Secretariat conditions</i></p> <p>(i) Submission to the Fund by the Accredited Entity of the completed financial management and procurement risk assessment of the Executing Entities to the satisfaction of the Accredited Entity.</p>

	<p><u>Satisfaction of the following conditions prior to the first disbursement under the FAA:</u></p> <p><i>Relevant Secretariat conditions</i></p> <p>(i) Submission by the Accredited Entity of the completed Project Implementation Manual (“PIM”), in a form and substance satisfactory to the GCF Secretariat;</p> <p><i>Relevant iTAP conditions</i></p> <p>(ii) The Accredited Entity shall submit to the Fund, in a form and substance satisfactory to the GCF Secretariat, the results of a completed water-balance study, including bore hole data at different strata where exploitable groundwater exists in all 66 target Kebeles, confirming the feasibility to maintain the balance of the water table of the aquifer at positive or neutral levels throughout the expected project lifespan of the water-pumping activities (i.e., 22 years after commencement of component 1).</p> <p><u>Inclusion of the following covenants in the FAA:</u></p> <p><i>Relevant Secretariat covenants</i></p> <p>(i) The Accredited Entity shall ensure that an external communications mechanism (for providing a system to receive, document and respond to questions or complaints from the general public), can also be employed as an institutional-level grievance redress mechanism and that it is accessible to the communities in the Project area and other stakeholders to receive and address complaints related to the Project, in an effort to complement the project-level grievance redress mechanism.</p>
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2. In addition, it is recommended that, for all approved funding proposals, disbursements by the GCF should be made only after the GCF has obtained satisfactory protection against litigation and expropriation in the country where the project/programme will be implemented, or has been provided with appropriate privileges and immunities in that country.

3. It is also recommended that the Accredited Entity implements the following recommendations during the implementation of the relevant project or programme.

Table 3: Project-specific recommendations

Funding proposal number	Recommendation
FP 046 (XacBank Mongolia)	<i>None.</i>
FP 047 (EBRD Kazakhstan)	<i>None.</i>
FP 048 (IDA CSA)	<i>None.</i>
FP 049 (WFP Senegal)	<p><i>Relevant iTAP recommendations:</i></p> <p>(i) Appropriate gender-sensitive training should be designed and administered in such a fashion that, in the process, time away from the training recipients’ household chores does not affect their overall household harmony;</p> <p>(ii) The project should conduct a study to analyse the opportunity of lifting the existing monopoly agriculture insurance company supported by the Government of Senegal, towards creating additional opportunities for</p>

	<p>other micro-insurance companies to provide for competitive options for farmers; and</p> <p>(iii) The monitoring and evaluation function should be enhanced in view of the potential increase in the application of agrochemicals and fertilizers, which must be supplemented with training on integrated pest management and the application of organic fertilizers.</p>
FP 050 (WWF Bhutan)	<p><i>Relevant iTAP recommendations:</i></p> <p>(i) The independent Technical Advisory Panel recommends the Secretariat to monitor and avoid the potential double counting in mitigation impact achieved by BFL project and REDD-plus action plan implementation.</p>
FP051 (UNDP Bosnia- Herzegovina)	<i>None.</i>
FP052 (ADB Nauru)	<i>None.</i>
FP053 (UNDP Egypt)	<p><i>Relevant iTAP recommendations:</i></p> <p>(i) The constructions are made in full alignment and legal permission of the provision created under the Environmental Protection Law (1994) and law number 48/1982 on Protection of the Nile River and Waterways to prevent pollution from various project activities, including dredging;</p> <p>(ii) In addition to the provisions of the Environment and Social Management Framework (ESMF) section 5.2.2 (e and f), refrain from construction activities in the beach/water front areas during the peak nesting and hatching season for sea turtles. This should be highlighted in the proposed Biodiversity Action Plan, as indicated in the ESMF document; and</p> <p>(iii) Extend the scope of environmental auditing, to take into consideration the inclusion of representatives from scientific communities, civil society organizations and media in a joint audit team, instead of an environmental audit team consisting of personnel from only UNDP and Shoreline Protection Agency (as in section 3.2.7 of annex VI (b) of funding proposal package).</p>
FP054 (CAF Argentina)	<p><i>Relevant iTAP recommendations:</i></p> <p>(i) Evidence of the inclusion of the due diligence recommendations in the final detailed engineering design of the projects should be presented to the GCF Secretariat before the start of construction of the facilities.</p>
FP056 (UNDP Colombia)	<p><i>Relevant iTAP recommendations:</i></p> <p>(i) Ensure the participation of women in water committees by formulating and implementing criteria pertaining to these committees, in which the number of women and men involved in the management of these organizations is balanced. Proof of balanced participation should be provided to GCF Secretariat.</p>
FP058 (MOFEC Ethiopia)	<p><i>Relevant iTAP recommendations:</i></p> <p>(i) Strengthen Component 3 by committing to community-centric knowledge management and cross-learning activities, taking into consideration that the quoted unit price for solar-powered motors is on the higher side and there is a possibility to 'save' part of the budgeted amount and re-invest in knowledge management activities.</p>

Annex XIV: Anti-Money Laundering and Countering the Financing of Terrorism Policy

I. Introduction

1. The objective of the Green Climate Fund (GCF) is to contribute to the achievement of the ultimate objective of the United Nations Framework Convention on Climate Change (UNFCCC). In the context of sustainable development, the GCF will promote the paradigm shift towards low-emission and climate-resilient development pathways by providing support to developing countries to limit or reduce their greenhouse gas emissions and to adapt to the impacts of climate change, taking into account the needs of those developing countries particularly vulnerable to the adverse effects of climate change.
2. The GCF is committed to the highest ethical standards regarding anti-money laundering (AML) and countering the financing of terrorism (CFT) consistent with the Financial Action Task Force (FATF) recommendations in its “International Standards on Combating Money Laundering and the Financing of Terrorism & Proliferation”. This AML/CFT Policy (the Policy) aims to safeguard the GCF against money laundering (ML) and the financing of terrorism (FT or TF). The Policy outlines the principles and minimum standards of internal AML/CFT controls which should be adhered to by the GCF to mitigate reputational, regulatory, legal and financial loss risks.
3. This Policy is further to the Board Decisions in GCF/B.12/31, paragraph (i) and GCF/B.14/01, paragraph (e). It is part of a broader set of policies aimed at ensuring that GCF funds are used in line with its objective, and it lays out a set of basic principles for guidance. To operationalize this Policy, a detailed ‘AML/CFT Standard’ will be developed which will define the implementation procedures.

II. Scope and applicability

4. The staff of the GCF, its governing bodies and every other person working for the GCF (i.e. Covered Individuals) are required to adhere to this Policy to protect the GCF, and its reputation, from being misused for ML and/or TF by ensuring that they discharge their responsibilities in a manner that enables the full implementation of this Policy.
5. The GCF shall apply this Policy to its relationship with its Counterparties. Accredited entities shall, taking into account the nature and type of the entity, apply their own “Know-Your-Customer” and AML/CFT standards over their Counterparties, e.g., executing entities, implementing entities, or any other entity or person involved in the project implementation in accordance with their own policies and procedures.
6. The GCF shall take steps to ensure that Accredited Entities, and all other entities that participate in the implementation of GCF activities, have policies that are consistent with the GCF’s AML/CFT Policy.

III. Principles

7. In the context of its overriding objective to provide support to developing countries for the achievement of the goals of the UNFCCC, and with due regard to its fiduciary responsibilities, GCF shall ensure that its funds are not used to finance any illegal acts related to Money Laundering or Terrorist Financing.

8. The Policy shall be consistent with the relevant United Nations (UN) Conventions and Recommendations of the FATF.

9. GCF shall take steps to encourage its counterparties to adopt policies and procedures that are consistent with the principles set out in this Policy, with the purpose of safeguarding GCF resources from being used for Money Laundering or the Financing of Terrorism.

10. GCF Counterparties shall be responsible for identifying and mitigating the risks of Money Laundering and Terrorist Financing in deploying and managing GCF resources.

IV. Purpose and objectives

11. The purpose of the Policy is to provide principles and guidance regarding AML/CFT requirements and risks and to meet the following objectives:

- (a) Prevent the abuse of the GCF's resources for ML and/or FT;
- (b) Meet applicable legal requirements and international standards in jurisdictions where the GCF and its Counterparties operate;
- (c) Mitigate any reputational risk;
- (d) Support the establishing and/or strengthening of capacities in countries to meet the GCF's fiduciary standards regarding AML/CFT
- (e) Guard against establishing any relations or undertaking any transaction that may relate to or may facilitate ML and/or FT or any other illicit activity;
- (f) Exercise due diligence when dealing with Counterparties, persons appointed to act on behalf of Counterparties and connected parties of the Counterparties; and
- (g) Continuously review and update its AML/CFT Policy and its corresponding AML/CFT Standard as threats and international standards evolve to prevent and detect ML and/or FT.

V. Definitions

12. For the purposes of this Policy the following terms shall have the meaning set out below:

- (a) Beneficial Owner means the natural person(s) who ultimately owns or controls a customer and/or the natural person on whose behalf transaction is being conducted. It also includes those persons who exercise ultimate effective control over a legal person or arrangement.
- (b) Board means the Board of the GCF.
- (c) Counterparty is any party that contributes to, executes, implements, bids for, or in any way participates in, GCF-related Activities, including receiving a grant, loan or other form of financing or support from the Fund. Counterparties include a contributor, accredited entity, direct access entity, executing entity, delivery partner, fiscal agent, financial intermediary, vendor and (for the purpose of this policy) any entity within the Secretariat that directly disburses GCF resources including for the Readiness and Preparatory Support Programme.
- (d) Counterparty Due Diligence (CDD) is a process to identify and verify the true identity of the Counterparty. This would enable the Fund to assess and evaluate the extent of ML/TF risk associated with the proposed Counterparty.

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- (e) Covered Individuals means individuals working at any level or grade within the GCF, including (but not limited to) the Executive Director, management and staff of the GCF, and other individuals contracted by the GCF.
 - (f) Financing of Terrorism or Terrorist Financing (TF) is defined as the commission of any offence as set out in Article 2 of the International Convention for the Suppression of the Financing of Terrorism.
 - (g) Money Laundering (ML) refers to:
 - (i) The conversion or transfer of property, knowing that such property is derived from crime, for the purpose of concealing or disguising the illicit origin of the property or of assisting any person who is involved in the commission of the crime to evade the legal consequences of his or her actions;
 - (ii) The concealment or disguise of the true nature, source, location, disposition, movement, rights with respect to, or ownership of property, knowing such property is derived from crime, or;
 - (iii) The acquisition, possession or use of property, knowing at the time of receipt that such property was derived from a criminal offence.
 - (h) Policy on Prohibited Practices refers to the GCF's Interim Policy on Prohibited Practices as adopted in B.12/32.
 - (i) Risk Based Approach (RBA) to AML/CFT is the process of identifying, assessing and understanding ML/TF risks to which the GCF is exposed and to take measures commensurate to those risks to mitigate them effectively.
 - (j) Tipping-off means disclosing the fact to the Counterparty that a suspicious transaction or related information is filed with management or the authorities.

VI. Key provisions

- 13. The GCF shall adopt and implement a continuous risk-based approach (RBA) to identify, assess and understand its ML and TF risks. It shall also ensure measures to mitigate ML and/or TF are commensurate with the risks identified, enabling decisions on how to allocate its resources in the most effective way.
- 14. Under this approach, it will adhere to the following to manage AML/CFT risk:
 - (a) Due diligence
 - (i) The GCF shall apply the Counterparty Due Diligence (CDD) measures, as determined on a risk-based basis, considering the type of counterparty, counterparty relationship, financial instrument and country of operation.
 - (ii) The GCF shall identify and verify the identity of its Counterparties (including their beneficial owners) with which the GCF enters a counterparty relationship.
 - (b) Counterparty relationships
 - (i) The GCF shall take reasonable measures to duly assess the purpose, economic rationale and overall AML/CFT and related integrity aspects of the Counterparty and its Beneficial Owners to avoid being involved in relationships structured for the purposes of ML and TF.

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- (ii) The GCF will not engage with, and will terminate the existing Counterparty relationship if any, with:
 - 1. Counterparties who do not cooperate with its CDD efforts;
 - 2. Counterparties engaged in activities prohibited under the GCF's Policy on Prohibited Practices;¹ or
 - 3. Counterparties who are currently under any financial sanctions imposed by United Nations.

 - (c) **Monitoring:** It shall be the responsibility of the Independent Integrity Unit to monitor the implementation of the policy.

 - (d) **Reporting:** Any suspicious information or red flag that comes to the knowledge of a Covered Individual indicating ML/TF must be immediately reported by such Covered Individual to the Independent Integrity Unit without informing the Counterparty or other third parties ("Tipping Off") that a suspicious activity is being reported or investigated.

 - (e) **Record keeping:** The GCF shall keep for at least 5 (five) years all records obtained through CDD measures and documentation regarding counterparty relations and executed transactions, and correspondence with the Counterparty.

 - (f) **Confidentiality:** The GCF will ensure the information on Counterparties and transactions obtained while fulfilling AML/CFT requirements is kept confidential.

 - (g) **Implementation:** The GCF will develop further documentation and guidance (AML/CFT Standard or Procedures) to implement and better enable Covered Individuals to follow this Policy.

 - (h) **Review:** The GCF will review and examine its AML/CFT Policy and maintain an effective implementation of the AML/CFT Policy for the GCF's activities reflecting international best practices, consistent with evolving FATF Recommendations and changing requirements.

VII. Key responsibilities

- 15. **Board:** The Board is responsible for ensuring governance and oversight of the GCF's risk management framework and controls regarding ML and FT.

- 16. **Internal Audit:** The Internal Audit unit shall, in accordance with its own mandate, provide such support as may be required by the Independent Integrity Unit to monitor adherence to the AML/CFT Policy.

- 17. **Secretariat of the GCF:** The IIU and the Secretariat will cooperate to ensure effective implementation of this policy, with responsibilities allocated in accordance with their respective mandates.

- 18. **Staff of the GCF and associated persons:** Staff members, consultants and other associated persons shall be responsible for:
 - (a) Complying with the GCF's AML/CFT Policy, standard and controls;

¹ Sections 4 and 5 of the GCF Interim Policy on Prohibited Practices, GCF/B.12/32.

- (b) Familiarizing themselves with and acting in accordance with relevant GCF processes and procedures to manage AML/CFT compliance; and
- (c) Reporting to the Independent Integrity Unit without undue delay any suspicions (or actual occurrences) or red flags of ML/TF activities.

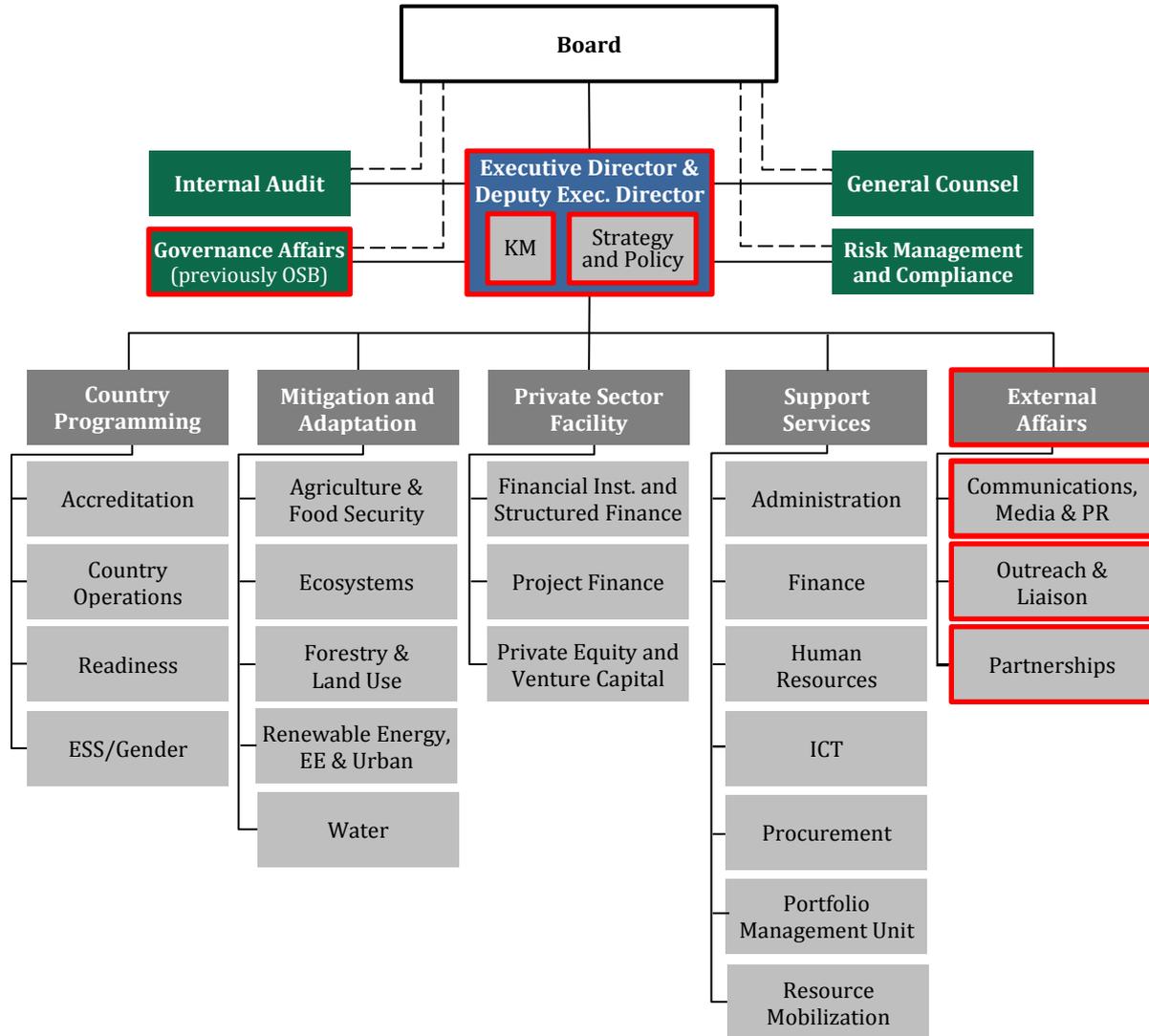
VIII. Amendment to the Policy

- 19. The Board shall approve the implementation of the AML/CFT Policy and any amendments thereto.

IX. Review

- 20. This Policy shall be reviewed at such intervals as required, to reflect international best practices, consistent with evolving FATF recommendations or as otherwise required by the Board.

Annex XV: Proposed new organizational chart of the GCF Secretariat (from 3 months to 24 months)



Key: Offices Divisions Focal Areas Adjusted Elements

Abbreviations: EE = energy efficiency, ESS = environmental and social safeguards, ICT = information and communications technology, KM = knowledge management, PR = public relations.

Annex XVI: Work programme of the Secretariat for 2018 and administrative budget

I. Introduction

1. The Governing Instrument for the GCF (paras. 1-2) establishes the purpose of the GCF as being “to make a significant and ambitious contribution to the global efforts towards attaining the goals set by the international community... by providing support to developing countries to limit or reduce their greenhouse gas emissions and to adapt to the impacts of climate change.” The climate change goal set by the Parties to the United Nations Framework Convention on Climate Change (UNFCCC) in Paris in 2015 is: “holding the increase in the global average temperature to well below 2°C above pre-industrial levels and pursuing efforts to limit the temperature increase to 1.5°C”. These key provisions help guide the work of the GCF and its Secretariat.

2. Towards those ends, paragraph 23(e) of the Governing Instrument directs the Secretariat “to develop the work programme and annual administrative budget of the Secretariat and trustee and submit them for approval by the Board”. This document is submitted in fulfilment of that requirement. It also includes in appendix IV a results framework with key 2018 performance indicators.

3. 2017 marked the first time that the Secretariat submitted an annual work programme proposal to the Board. As that work programme (B.16/21/rev.01) and its related priorities were approved by the Board only in April of this year, the Secretariat has been operating under the terms of the 2017 work programme for only five months. As a consequence, this work programme cannot provide a complete review of the Secretariat’s progress relative to all of the indicators and initiatives included in the 2017 work programme. That does not mean, however, that the Secretariat has not made substantial progress. In the short time since the 2017 work programme was drafted, the Secretariat has experienced significant development on a number of fronts, including its size, its output, its vision and its ambition. These advances are reflected in key differences between the 2017 work programme and its 2018 counterpart.

4. In terms of size, by the eighteenth meeting of the Board (B.18), the Secretariat expects to have increased the number of staff that it has on board from 84 in February (when the 2017 work programme was drafted) to around 140. In addition, over the past three months we have worked closely with the expert consulting team at Dalberg Global Development Advisors to evaluate the needs, capacity and structure that would enable us to optimize our performance relative to the Board’s Strategic Plan and the GCF business model. Based on our new staffing situation and related learning, the Secretariat is putting forward in document GCF/B.18/10 titled “Structure and staffing of the Secretariat” a proposal for modest structural changes and a new 2018 staffing target of 250. That document also includes a current view as to how new staff would be mapped into the organization, projecting that almost three quarters of the new hires will be devoted to project cycle functions, including reviewing and processing increasing numbers of project and concept note submissions and monitoring the growing GCF portfolio. The goals included in the 2018 work programme are based on the assumption that the proposed staffing target and structural changes are approved.

5. In terms of output, the 2018 work programme also shows substantial movement relative to its 2017 counterpart. For example, at the time of the development of the 2017 work programme, only two projects had finalized funded activity agreements (FAAs) and initiated implementation; as of 1 September, an additional 16 projects have finalized FAAs, and we expect that number to grow further by the end of the year. In addition, the number of accredited entities (AEs) has increased from 48 to 54, and now includes an even balance of 27 direct access

entities (DAEs) and 27 international entities. The 2018 work programme builds on this and other progress, and is presented with a focus that is more highly output/impact-oriented than its 2017 counterpart. In that regard, where useful, the work programme goes behind the numbers and frames related outputs in terms of their likely impact on key GCF goals. As a result, it represents a first step in the Secretariat's movement towards more meaningful, output-based budgeting. This latter effort will also benefit from the work that the Secretariat has been doing with Dalberg in the development and use of indicative metrics for staffing relative to key outputs.

6. In terms of vision, the 2018 work programme focuses on functional areas and programmes rather than on the Secretariat's individual divisions and offices. This change from the 2017 work programme is purposeful, and more than cosmetic. It reflects both a clear understanding of the essential interdependence of the Secretariat divisions and offices in the achievement of the overall GCF goals and the growing capacity of the Secretariat, which enables an increasing use of cross-Secretariat teams. It also reflects a growing appreciation for the potential contributions of complementary actors in achieving the goals of the GCF. Another difference in vision relates to the 2018 work programme's planning horizon. Specifically, while the 2017 work programme looked almost exclusively at the Secretariat's work for that single year, this year's work programme often frames its programmes and initiatives using a longer planning horizon. This will enable us to begin with an end in mind and prepare the Secretariat for how the GCF could look in the future, if current trend lines hold and/or important new policies are adopted by the Board.

7. A final difference in the 2018 work programme relates to the Secretariat's increased experience with the GCF programmes and its project and programme cycle. As day-to-day manager of these critical activities, the Secretariat is gaining a significant and unique understanding of the operational challenges presented by the existing policies and guidelines of the GCF. Through that process, we are continuing to consider ways to optimize and, where necessary, develop and communicate fixes for operational issues that were not foreseen when initial guidelines were adopted. Where the Board's initial decisions provide the Secretariat with the flexibility to make essential mid-course corrections, we will take action. If further Board action is necessary to make GCF programmes work, the Secretariat will prioritize the preparation of related documents and support the Board in taking robust decisions. In that regard, the Secretariat's 2017 work programme envisioned the Board reviewing and/or taking action on over 30 progress reports and over 45 policy documents that were included in the Board's 2017 work plan. The number of reports and policy documents requested in the 2018 work plan is even larger. Evidence continues to suggest that, in the face of so many mandates, the identification and prioritization of the most important work has become increasingly difficult for both the Secretariat and the Board. To help address this, the 2018 work programme goes beyond a repetition of the items included in the Board's work plan, and includes in section IX a list of the nine project/programme cycle-related policy issues that the Secretariat believes are critical for early resolution in 2018 to enable the GCF to deliver on its project-related goals.

II. Overarching goals for 2017 and 2018

8. The 2017 work programme included five overarching Secretariat goals, and the Secretariat is continuing to focus on their implementation. On reflection, the Secretariat finds those goals to remain just as important as when they were approved by the Board at its sixteenth meeting (B.16). As a consequence, we have updated and carried them forward, and we will continue to focus on their implementation during 2018. In addition, the list of goals below includes three new overarching goals covering the critical issues of project quality, support to DAEs and enhanced cross Secretariat work.

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9. The 2017/2018 work programme overarching goals are:
- (a) Finalize as many accreditation master agreements (AMAs), FAAs, projects and required agreements as possible and **maximize** related **disbursements** in order to jump start the **implementation** of approved projects and activities and to advance work on the ground;
 - (b) Continue to develop and **operationalize** the procedures to initiate a **proactive and strategic approach to programming**, including through the enhanced dissemination of results area guidance, the issuance of more strategically developed requests for proposals (RFPs), providing more strategic support towards the development of strategic country work programmes, enhancing collaboration with other funds through the implementation of the operational framework on complementarity and coherence and enhancing the use of regional structured dialogues in order to develop and expand a robust pipeline of high-quality, high-impact, country-driven projects, including increased submissions from DAEs and private sector entities;
 - (c) Further **operationalize** and strengthen the **AE work programme** process, promoting alignment with country programmes to enhance predictability for countries and AEs and enable the Secretariat to calibrate demand relative to available funds and its capacity to deliver;
 - (d) Build and deploy a **Secretariat staff** of sufficient size, talent and global reach to enable it to meet both immediate needs and projected medium-term demands;
 - (e) Support the Board in implementing any decisions related to arrangements for the initiation of the **replenishment process** and selection of a **Permanent Trustee**;
 - (f) Improve the **quality of the GCF support programmes and projects** coming to the Board in terms of **climate impact**, support for enabling countries to meet their nationally determined contributions (NDCs)/strategic goals, and reduced conditions;
 - (g) Enhance support for the accreditation of more **DAEs** and for their development of high-quality projects that support both country and GCF transformational goals; and
 - (h) Enhance the use of **cross-Secretariat teams and results-based frameworks** in the planning and execution of GCF programmes and, where relevant, in the performance evaluation of the GCF programmes and its staff.
10. As noted above, the 2017 work programme focused on the specific work of the Secretariat's Divisions and offices. While that format presented a much more siloed view of the Secretariat than is warranted by its actual operation, it had the virtue of highlighting the important contribution that each of those units play in the successful operation of the GCF. This year's work programme presents the integrated work of the Secretariat in a manner that focuses on the work rather than on each of the providers. Before initiating that discussion, however, the Secretariat would like to acknowledge the important contribution that each Secretariat division, office, unit and staff member makes to the work of the GCF and its efforts to both serve the Board and address climate change.
11. The following sections present the highlights of the integrated work the Secretariat intends to undertake in 2018 in the key functional and programmatic areas of: country ownership; readiness; accreditation; project/programme development and implementation; policy; administration and resource management; and risk, audit and legal functions. Where possible, it includes a discussion of goals and outputs that are expected from specific work, and the results framework in appendix IV includes additional key performance indicators for the Secretariat's initiatives and the identification of the budget lines that will be used to support that work.

III. Readiness and Preparatory Support Programme and related integrated initiatives

12. Over the last four years the Board has overseen the development and initial implementation of the Readiness and Preparatory Support Programme (hereinafter referred to as the readiness programme), which is designed to enable such critical activities as the establishment and strengthening of national designated authorities (NDAs)/focal points, country, regional and national dialogues, the preparation and/or strengthening of country programmes and strategic frameworks, and the preparation of a pipeline of GCF-aligned project ideas designed to enable the implementation of these strategic frameworks.

13. Despite its relatively small size, this evolving programme is among the most critical in the GCF portfolio, as the country-driven business model of the GCF depends at its core on strong NDAs/focal points and strong nationally developed country programmes, strategic frameworks and policies. Indeed, these constitute the first essential building blocks to enable countries to develop and meet their NDCs and contribute to the adaptation and 2°C goals of the UNFCCC and the GCF. They are also essential to enabling countries to play a pivotal role in working with AEs to build and execute a robust pipeline of high-quality GCF-aligned projects designed to help them meet those NDCs. In this light, a well-operating readiness and preparatory support programme can be seen as a sine qua non for the effective operation of the GCF. In short, without strong country capacity, country strategies and country participation in pipeline development, the “country-driven” paradigm of the GCF is only a notion.

14. While the readiness programme has faced start up challenges, the Secretariat has made a number of changes during the first half of 2017 to enhance the efficiency and predictability of its operation. These include: the development and execution of a schedule of calls for requests for readiness support and deadlines for action on those requests; the dissemination of further guidance on completing readiness proposal templates; a streamlining of the internal approval process; and the procurement of external grant administration capacity to expedite and manage post-approval processes. These and other changes have led to a significant increase in both the scope and number of countries receiving readiness support. The 2018 work programme projects that the readiness programme will build on this momentum, scale up and experience an even more significant growth in support in 2018, with a focus on improving the salience and quality of assistance provided to countries.

Table 1: Indicative projections of readiness requests to be processed in 2018 by type of activity

Readiness activities	Requests			Projected disbursements
	Number approved	Estimated average value (USD)	Total (USD)	
Adaptation planning	40	2,500,000	100,000,000	30,000,000
National designated authority support, including for country programmes	40	500,000	20,000,000	10,000,000
Strategic frameworks for GCF programming	20	500,000	10,000,000	7,000,000
Support to direct access entities	20	250,000	5,000,000	3,000,000
Structured dialogues and other knowledge-sharing activities	10	500,000	5,000,000	5,000,000
Total	130	-	140,000,000	55,000,000

15. The numbers in table 1 above illustrate growth that is a result of both growing demand and the significant enhancements that have been made in the programme's management. Although this represents real progress, the Secretariat knows that it is not the number of adaptation plans, country programmes or capacity-enhancement requests that is important – it is the results they are designed to achieve. Accordingly, this section of the work programme will discuss related work in the context of broader GCF goals. Towards that end, it will seek to review the work programme's key readiness components together with the significant complementary contributions that other Secretariat staff or programmes will bring to related work streams, provided the sufficient allocation of funds.

16. **Country programmes/AE work programmes and GCF planning:** Country programmes and AE work programmes are at the heart of the GCF country-driven approach and goal of strategic pipeline development. These planning documents should include a country or entity's strategic outlook and a highly coherent list of project/programme ideas that are purposefully designed to advance implementation of the strategic goals of the country in a manner that is consistent with the funding framework and transformational goals of the GCF. These important tools are now in their initial iteration, and a preliminary review suggests that support could be deployed and improvements could be made to enable them to work in concert to achieve those strategic goals.

17. Countries are receiving resources from the GCF Readiness and Preparatory Support Programme for the development of official country programmes, of which two have been submitted in a final form, from Zambia and Antigua and Barbuda. In parallel, the Secretariat has worked with countries on the development of initial country programme briefs. These relatively short documents present varying amounts of available information about a country's climate context, and its plan for the GCF. They may include an overview of a country's national context, policy frameworks and plans (e.g. NDCs, national adaptation plans (NAPs), nationally appropriate mitigation actions, etc.), and a summary of the country's respective climate action agenda.

18. Some but not all of those briefs include a list of priority initiatives and/or project concepts that the country would like to undertake. Most of the briefs have a planning horizon of less than three years. Few provide robust descriptions on how the country is working in a complementary fashion with other entities beyond the GCF. NDAs have reported that their work on country programme briefs has served as an important tool in helping them to initiate climate-related discussions with other ministerial departments within their national systems. To date, however, given their early stage of development, not all country programme briefs have been developed with a strategic outlook.

19. In terms of projects and related country and GCF planning, it appears that the country programme briefs have had a limited impact on project selection. As of 20 August 2017, 105 country programme briefs (42 endorsed and 63 drafts) have been submitted to the Secretariat. These briefs list 316 project ideas, of which 19 have been approved and 204 have yet to be submitted in any form. As a consequence, fewer than half of the proposals that have been brought to the Board have been reflected in country programme briefs. Further, with regard to coherence with ideas listed in AE work programmes, only 92 of the 335 single and multi-country ideas included in the AE work programmes are listed in country programme submissions.

20. Consistent with both the GCF country-driven mandate and the Strategic Plan call for enhanced programme planning, there should be coherence between official country programmes, accredited entity work plans, and the pipeline of projects submitted for Board consideration. Optimally, country programmes should also provide information about priority areas for GCF investment in the country, identify project preparation and readiness needs,

present the strategic roles that relevant stakeholders (in particular DAEs) will play, identify the process undertaken by the country to monitor and update programmed activity, and promote complementarity by including information on how the country is working on climate issues with other outside entities and funding sources, whether public or private, national or international.

21. Given these factors, the Secretariat's output-based country programme goals for 2018 go beyond simply expanding the number of country programme briefs and official country programmes supported and finalized, and move towards supporting their enhanced quality and strategic use primarily by countries and the GCF. Important 2018 goals in this area include the development of country programme standards and the monitoring of and reporting on increased coherence between AE work programmes and country programmes. Over the next two years, as country programmes and AE work programmes are further developed and amended and further actions to incentivize coherence are considered, we can foresee a time when virtually all project proposals included in the projected pipeline and coming forward to the Board will be present in both country programmes and annual AE work programme submissions. Monitoring alone, however, is not sufficient, and additional initiatives and incentives aimed at increasing strategic country, AE and Secretariat cooperation in the development of country programmes are discussed below.

22. **Strategic frameworks (and pipeline development):** As table 1 above shows, the Secretariat projects a significant increase in GCF support for the development of NAPs in 2018. While the number of national strategic frameworks is an important output of readiness support, related GCF support should also be considered in its broader context, including relative to the development and implementation of a pipeline of project ideas that are aligned with country priorities and GCF policies and goals. To meet all of these objectives, readiness support for strategic frameworks should work together with additional readiness and GCF programmes and with further direction from the Secretariat and the Board. For example, the critical alignment of strategic plans and project ideas with the funding framework of the GCF depends on the existence of robust GCF guidance. Therefore the 2018 work programme targets the production of sectoral guidance to provide better information on what the GCF is likely to be looking for in terms of robust climate projects in each of its eight results areas. In addition, and as will be discussed in the project section of this work programme, the Secretariat believes that both strategic frameworks and project quality would benefit greatly from further articulation of the Board's results frameworks for mitigation and adaptation and the adoption of specific project eligibility guidance. Toward that end, the Secretariat has included the resolution of these policy issues among those that it believes should be a priority in 2018.

23. While strategic frameworks and targeted projects are essential in achieving the goals of the GCF, projects alone will not fully protect the climate; in appropriate cases, country laws and regulations are likely to play a significant role in removing barriers to climate-friendly investment and driving sustained change. With that understanding, the Secretariat's engagement with countries during 2018 will explore ways to ensure the use of readiness funds to support the development of rules, regulations and policies that are best suited to the individual country conditions and enabling them to more effectively shift towards low-emission and climate-resilient development pathways consistent with national priorities. Over the next three years we can envision a more significant allocation of support to these latter activities, which can often yield significant impact at relatively low cost.

24. **Capacity-building/institutional strengthening:** The development of robust country programmes, strategic frameworks and pipelines of high-quality, high-impact projects depends on the existence of a fully functional, informed national focal point with the resources necessary to engage national and local stakeholders and AEs. Readiness support has been deployed for NDA strengthening and the Secretariat has also provided a wide range of support to countries

through national and regional structured dialogues, and the work programme and budget envisions support for 8 regional or multi-country dialogues and 20–30 NDA-led dialogues in 2018. Again, however, it is the outcome of these efforts, rather than their numbers that is important. Going forward, these events can be targeted to meet thematic or other specific country and regional needs. Further, as discussed in paragraph 28 below, these dialogues can be leveraged even more effectively than in the past to enhance country, AE and Secretariat cooperation in the development of strategic plans and aligned project pipelines. In addition, the Secretariat's work to date has suggested the possible benefits of developing packages of base supports for NDAs to enable them to carry out these core activities. Such support could be provided and reported on annually, and we will investigate further the possible implementation of such measures during 2018.

25. **Strategic engagement with DAEs and international AEs:** We expect the demand for assistance to DAEs to continue in 2018, and we are determined to mobilize the expertise in all of our programmes to provide enhanced support. Specifically, and consistent with 2018's new overarching goals of enhancing support to DAEs and improving project quality, cross-divisional teams will participate in a new initiative that will target providing direct support to at least 15 DAEs in their development of work programmes with impactful projects that align with both country programmes/strategies and GCF goals. This work will include supporting the development of DAE concept notes, enhanced direct access (EDA) proposals and Project Preparation Facility (PPF) requests, and we expect this effort to result in at least eight high-quality DAE proposals being brought to the Board in 2018, including six EDA proposals. This initiative represents two significant shifts for the Secretariat. First, it will involve more active upstream engagement than we have heretofore undertaken with AEs. Second, it moves the Secretariat towards working with DAEs in a more strategic manner. While we are confident that this approach will help to improve related project quality, we know that working with DAEs in this manner will be relatively resource intensive for the Secretariat. Further, while we welcome the learning that will come from this approach, we are concerned that the resource intensity of this work may, without complementary changes, be too high to be sustainable on a much wider basis. As a result, while it will help the specific DAEs that we will work with, it will be unlikely to yield a breakthrough in the numbers of DAE projects coming forward to the GCF.

26. In an effort to increase DAE participation more substantially, the Secretariat is currently working to submit to the Board a proposal for a simplified project approval process which could include consideration of such items as a project-specific institutional assessment and independent Technical Advisory Panel (TAP) review process for smaller projects with an internal financial, environmental, social, governance/management capacity review that is specific to the funding proposal under the pilot process, and between meeting no objection approval. Depending on its scope, we would expect changes such as this to lead, over time, to substantially more projects from a range of AEs at lower cost.

27. In addition to our support for DAEs, the Secretariat will also be targeting enhanced strategic engagement with at least 10 international AEs in 2018. The goals of this work will include enhanced project quality/climate rationale and focus on transformative projects, as well as identifying priority investment issues for possible issuance of RFPs in 2018.

28. **Country/NDA engagement initiative:** Table 1 above outlines the key list of activities the readiness programme supports. To date, the programme has generally provided support for these items individually and as requested by countries. Further, to optimize predictability, the programme has moved to requests for calls for assistance on specific dates. While these individual interventions can and have helped NDAs, it is clear to the Secretariat that related work could have a more powerful impact if project funding was more readily available and coordinated with the additional assistance of the Secretariat and hired support. For example, traditional support for national or even regional dialogues can be leveraged to bring together

countries, AEs, DAEs, private sector entities and the Secretariat and/or hired firms in efforts to collaborate on the development of country programmes and strategies and related project ideas that are aligned with the transformational goals of the GCF. Institutional strengthening support could be packaged and provided in a predictable and sustained manner to ensure that NDAs have the consistent capacity necessary to be active participants in the full range of policy and programmatic work necessary to implement a country driven approach. These and other efforts could be augmented with sustained Secretariat-wide and/or hired firm technical support. The goals of such concerted efforts would include increasing NDA capacity, enabling the participatory development of strategic country programmes and climate strategies with clear climate baselines, enhancing an understanding of climate finance availability and the role of the private sector, and facilitating the development of project ideas that are aligned with national plans, GCF goals and AE work programmes. Towards this end, and on the basis of discussions with countries, the Secretariat intends to enhance and coordinate strategic engagement with at least 20 countries in 2018. This effort is an example of a way in which the Secretariat can leverage the existing tools within GCF to increase the impact of GCF support. An additional example relates to the 2018 roll out of new web-based portals that will enable AEs and NDAs to access up-to-date information on their project pipelines, including the status of the ongoing review of their concept note and funding proposal submissions. These new web-based portals are being developed with cross-divisional support and the Secretariat target for 2018 is the creation of portals for a number of countries and AEs. This initial work is a first step towards supporting countries and enabling them to more clearly understand the GCF framework. In that regard, this initiative will advance the strategic plan goals of enhancing both transparency and access.

29. **Staffing/Delivery Mechanisms:** As of 1 August, the Secretariat had approximately 14 full-time equivalents (FTE) staff working on the range of readiness activities outlined above. This includes the annual equivalent of 7 consultants. If the proposed 2018 staffing target is approved and met, and considering the initiatives discussed in paragraphs 25 and 28 above, we foresee the number of related FTE staff growing to approximately 30 with the number of regional consultants stabilizing at 9. This latter fact raises the issue of delivery mechanisms. The Secretariat has been continuing to deliver the majority of its support on related activities to countries through Secretariat staff and part-time regional consultants. Over time the countries we are working with have requested increased direct technical assistance. For this reason, the need for hiring consultants and consulting services is very likely to grow.

30. As reported in the 2017 work programme, the Secretariat is currently providing assistance through the use of email, telephone and video calls, travel from Songdo (including to regional and national dialogues), and bringing NDAs to Songdo for meetings. As stated in the 2017 work programme, the Secretariat still believes that supporting NDAs, AEs and DAEs in the development of strong national strategies and increasingly strong proposals can be accomplished much more efficiently through the establishment of regional hubs, which could facilitate the more active support of NDAs in their work with AEs and DAEs, and facilitate greater south-south experience sharing. In the absence of Board approval for this approach, we will strive to use our readiness resources as efficiently as possible to support the strategic country engagement and DAE and IAE support initiatives discussed above.

IV. Adding new accredited entities

31. **Accreditation:** Since the opening call for applications for accreditation in November 2014 and up to 1 September 2017, 240 entities have been issued with accounts on the online accreditation system. This represents an increase of 38 in period from 1 March to 1 September 2017, demonstrating that there is a continuing interest in exploring accreditation to work with

the GCF. Not all of those 240 account holders, however, have completed or are likely to complete applications. As of 1 September the Secretariat had received a total of 146 applications. 54 have been reviewed and formally granted AE status, which leaves the GCF with a backlog of 92 applications that are in various stages of review. Specifically, 78 are undergoing a completeness check and 14 are under the review of the Accreditation Panel.

32. In accordance with decision B.14/08, the Secretariat has been prioritizing the review of applications from national DAEs, entities in the Asia-Pacific and Eastern European regions (due to their current under-representation), private sector entities, in particular those in developing countries, and entities responding to RFPs in the areas covered by the GCF pilot programmes for enhancing direct access; support for micro-, small-, and medium-sized enterprises (MSMEs); and mobilize funds at scale which are discussed later in this document. Should the Board consider the extension of decision B.14/08 or a new prioritization approach for 2018, the Secretariat would apply that in the application review process.

33. As noted in paragraph 26 above, the Secretariat intends to submit a proposal for a simplified approval process which could call for the use of project-specific institutional assessment, including an internal financial, environmental, social, governance/management capacity review that is specific to the funding proposal rather than the full accreditation review for some seeking to do work on smaller projects. In such a case, DAEs would be assessed on their capacities to deliver the proposed project under this pilot process only; if it sought to engage with the GCF more broadly, the entity would need to undergo the accreditation process. If such a change were agreed by the Board by a point early in 2018, the Secretariat projects that it would be able to process 30–40 entities through a project-specific institutional assessment for 2018 including 20–30 DAEs, of which 10–15 could be private sector entities. If no related decision is taken, the Secretariat expects to be able to increase its processing of AE applications to over 20 entities during the Stage I accreditation process during 2018.

34. Total current staffing dedicated solely to accreditation, including support for DAEs and entities that are already accredited, is two. If the 2018 staffing target of 250 is agreed by the Board, we project that this number will rise to approximately 9 by the end of 2018, and that hiring, together with cross-divisional assistance and related consultant/contractual services funding will enable the Secretariat to meet the accreditation goals contained in the work programme.

V. GCF project/programme related challenges

35. As suggested by the introduction of a new overarching goal, issues surrounding project quality and project review are reaching a tipping point within the GCF, and decisions are urgently required to address these issues. To put this into context, it is useful to review the evolution of the GCF relative to the availability of funds, the number of entities accredited to do business with the GCF, and the review and approval of proposals.

36. In terms of evolution, it is easy to forget that the GCF approved its first group of projects and programmes only 21 months ago. At that time the GCF had a large amount of available funding and a limited number of AEs, creating a situation where there was limited competition for the funding of proposals. In addition, and as recognized in decision B.11/11, at the time of the first approvals the GCF lacked robust project eligibility criteria to guide either project development or selection.

37. When competition is limited and project costs are easily covered with available funding, it may not appear overly critical to have in place project eligibility criteria and results area guidance that directly link project requirements to country strategies and the GCF goals. Moving forward 21 months, however, the implications of the lack of such guidance, criteria and linkages

has become clearer, and during 2016 and 2017 the Board has expressed increasing concerns with the quality and climate impact of proposals submitted to the GCF. This concern has been reflected in both Board member comments and in an increasing number of conditions attached to funding proposals approved by the Board. These are facts on the ground that the Board sees directly.

38. What may be less visible to the Board is the impact that the paucity of related guidance is having on the work of the AEs and the Secretariat. The GCF now faces a steadily increasing number of AEs and a related increase in the number of proposal submissions. At the same time, the Secretariat lacks the agreed criteria needed to select the most appropriate ones. Further, because the proposals currently under review were developed without the benefit of robust guidance and project eligibility requirements, both their quality and their linkage with country strategies and the GCF transformational goals remain variable. This fact has significant implications for the efforts of both the Secretariat and the AEs. For example, our analysis shows that the Secretariat is spending, on average, approximately 50 person days of review time on each public-sector project submission. During that review, and through engagement with the relevant AE, it often becomes clear that the proposals that were developed and submitted lack viability, resulting in the AE significantly reworking the proposal and/or, in some cases, withdrawing it from consideration. As a practical matter, this means that many work years are currently being spent on the development and review of projects that prove to be unviable. This unproductive effort could be greatly reduced if there were clear eligibility requirements, better results-area guidance, and enhanced Secretariat engagement on project ideas well before the development and submission of full projects.

39. Beyond a loss of time and effort, however, the current lack of such guidance and early engagement is presenting practical constraints on the Secretariat's capacity to deliver in a manner consistent with what we believe to be the ambitions of the GCF. Specifically, and taking into account the increasing number of AEs and the related expected increase in concept notes and project proposals that the Secretariat expects to receive and review in 2018, we currently project that the number of quality proposals we will be able to submit to the Board in 2018 will be in the range of 40–55. While this would be a laudable average increase of approximately 80 per cent relative to the 25 proposals that were submitted in B.16 and B.18, the Secretariat shares the ambition of the Board for the achievement of a much greater impact. Further, we know that more projects are possible, as we expect that an accumulative 125 funding proposals will be in the pipeline in 2018. The difference between that number and the 40–55 proposals we expect to send to the Board implies that a significant percentage of proposals submitted to the Secretariat would not have been of a sufficiently high standard for Board consideration without substantial rework or resubmission to ensure that they are properly aligned with both country and GCF goals. A key to greater project numbers and impact will be improvements in project quality at submission.

40. Another factor that will affect both the Secretariat's review workload and the output of the GCF will be the increasing number of funding proposals submitted by DAEs. While we are all striving to enhance DAE participation, the fact is that DAE proposals are likely to be much smaller in terms of monetary value than the current average GCF project. At the same time, their development and review is currently assumed to require increased Secretariat support. Given that, it is possible that the increasing numbers of smaller DAE projects in the annual GCF portfolio would result in only marginal changes in the total value of the GCF's annual output.

41. The Secretariat believes it may take a group of actions to make a breakthrough in this critical area. First, as discussed above, the Secretariat believes that the development and widespread communication of clear project eligibility requirements and results-area guidance will be critical to improving quality at submission and enhancing the efficiency of project review. Further, we believe that a simplified approval process for small projects could lead to a

significant increase in project outputs with more limited demand on Secretariat resources. Finally, as will be discussed in more detail below, we believe that increased Secretariat engagement at the project inception stage would greatly increase the effectiveness of both the project development work of AEs and the Secretariat's project review work, leading to an enhanced capacity of each to process higher numbers of impactful climate projects. If those issues were adequately addressed sufficiently early in 2018, we believe that the Secretariat could be positioned to significantly increase its delivery of high-quality projects to the Board in 2019. Toward that end, the Secretariat has prioritized related policy documents as ones that we believe are most critical for the Board to take action on in 2018 (see section IX below).

42. In terms of staffing, the Secretariat believes that staffing for project-related review processes is the area that will need the largest increase in staff, and as discussed in more detail in document GCF/B.18/10, the Secretariat currently projects that about three quarters of the new staff that would be brought on pursuant to the new staffing target would be in project cycle-related positions. Dalberg also projected a need for further increases in related staff in 2019. That said, the degree of the trajectory in project-related staffing that is currently foreseen as necessary could be changed if new policies are put in place to support the submission of high-quality projects.

VI. Public and private sector programmes and related targets for 2018

43. The following sections review progress on individual project-related programmes; a summary section on overall projections for projects and disbursements follows. Related projections included in these sections assume Board approval of the Secretariat's 2018 budget request and staffing goal and 2018 implementation of, among other things, the short-term structural changes and ICT enhancements discussed in the work programme. They also assume that the proposals submitted to the Cairo meeting of the Board will be the last proposals submitted in 2017.

6.1 Concept note programming for 2018

44. In accordance with current procedures, AEs or intermediaries may submit a brief concept note to the Secretariat with a view to verifying whether the project/programme concept they are considering is broadly aligned with key GCF guidance including the GCF investment and results management framework, gender policy and transformational goals. As such, concept notes could play an extremely valuable role in early screening and helping to facilitate the development and submission of high-quality transformational proposals. To date, however, concept notes have been of varying length and depth, and their review has not benefited from the presence of clear standards. Further, their optional status has often placed them on a lower priority than projects or policies requested by the Board. These and other factors have contributed to a review time that is often in the order of three to four months, rather than the one month originally envisaged.

45. As noted above, the Secretariat believes that its increased engagement at the project concept stage, combined with greater clarity on project eligibility criteria, would greatly increase the efficiency and effectiveness of both the AEs project development work and the Secretariat's project review work. Therefore, the Secretariat has identified changes to the concept note guidelines as a priority for Board action in 2018. Prior to that time, however, the Secretariat will initiate interim measures. Specifically, later in 2017 or early in 2018, the Secretariat will issue a new simplified concept note template to make it more focused, easier to

use and review, and of greater value in ensuring alignment with the GCF transformational goals. In addition, the Secretariat will consider ways to incentivize the enhanced use of concept notes. We believe that these and other measures could help to focus full project development on the most worthy projects, to enhance the quality of full proposals submitted for review and could lead to a reduction in review time.

46. Given historic trends, and taking into account the initiatives described above, the Secretariat expects to review and provide targeted feedback on 220 to 250 concept notes during 2018 (including up to 150 related to the pilot programme RFPs, which are expected to meet general criteria of RFP).

6.2 Project Preparation Facility

47. The PPF, authorized at the eleventh meeting of the Board (B.11), was targeted at small-scale activities and DAEs. As agreed through decision B.13/21, the Board made USD 40 million available to the PPF to support project and programme preparation requests from all AEs, especially DAEs, and especially for projects in the micro-to-small size category with a view to enhancing the balance and diversity of the project pipeline. As the PPF has only recently become operational the Secretariat is continuing to rationalize related processes to enable more timely decisions and disbursements. As a result of these efforts, we are targeting a 50 per cent reduction in the time taken for related reviews and disbursement in 2018 (down to three months from submission to disbursement). In addition, and assuming the increase in staff consistent with the Secretariat's 2018 target, the Secretariat is projecting the approval of 30–40 PPF requests in 2018 and a related disbursement of USD 14 million during the year.

48. However, numbers of reviews and approvals are not in themselves substantive outputs. In that regard, we believe that PPF funding will lead to a significant increase in the number and diversity of high-quality GCF-aligned projects that are submitted to the GCF. Given the lag time between PPF funding and the submission of related projects, however, this assumption has yet to be proven. In the meantime, annual work programme reports to the Board will include an analysis of indicators such as: the degree to which PPF requests align with country programmes and entity work programmes; and the expected climate benefits of related projects.

6.3 Enhanced direct access pilot programme

49. At its tenth meeting (B.10), the Board agreed to an initial allocation of up to USD 200 million for at least 10 EDA pilot projects, including at least 4 to be implemented in small island developing States, the least developed countries and African States. The direction regarding this pilot emphasized the role of country institutions, and in particular NDAs, in the origination, design and implementation of EDA funding proposals. Based on that direction, in June 2016, the Secretariat launched a request for EDA concept notes. To date, one EDA project has been approved by the Board. In 2018, the Secretariat is proposing to revise and clarify the terms of reference and develop an internal task team to support the implementation of the pilot phase of the EDA by encouraging proposals to be submitted and bringing six of these to the Board in 2018.

6.4 REDD-plus programme

50. In response to the UNFCCC REDD-plus guidance, the Board, through decision B.14/03, requested the Secretariat to develop a request for proposals for REDD-plus results-based payments (RBPs). Following consultations with REDD-plus experts and Board members, the

Secretariat submitted to the seventeenth meeting of the Board (B.17) draft terms of reference for a REDD-plus RBP pilot programme, and after further discussion the Board, by decision B.17/18, requested the Secretariat to undertake further analysis and to present to B.18 a draft request for proposals for the pilot programme and the related draft scorecard. The Secretariat notes that there would be a high level of country and AE interest in participating in a REDD-plus pilot programme and projects that, if the terms of reference for the RFP is approved at B.18, it will be able to initiate review and work towards the review of up to 10 REDD-plus pilot proposals in 2018. Additional REDD-plus work expected in 2018 includes reviewing and taking action on at least four public sector and three private-public funding proposals for a total of seven REDD-plus proposals.

6.5 Micro-, small- and medium-sized enterprises pilot programme

51. At its tenth meeting, the Board established an MSME pilot programme with a view to encouraging private-sector investment in support of MSME climate activities, and at the thirteenth meeting of the Board (B.13), the Board reviewed and authorized the Secretariat to issue an initial RFP aimed at soliciting up to USD 100 million in proposals from AEs and potential AEs.

52. In response to that initial RFP, the Secretariat received 30 concept notes from existing and potential AEs as well as financial institutions to work with AEs. It shortlisted seven concept notes based on the RFP evaluation criteria and invited the submitters to develop full funding proposals. To date two projects have been approved: FP028 Business loan programme for greenhouse gas emissions reduction by XacBank; and FP029 SCF Capital Solutions by DBSA. The Secretariat is planning to present up to three more MSME proposals before closing the first MSME RFP pilot. The Secretariat will request the Board to release the second tranche for the first part of the year after closing the first pilot. There are already a few requests in the pipeline for the second tranche.

6.6 Mobilizing funding at scale/Pitch for the Planet programme

53. The Board, in decision B.16/03, paragraph (a), requested the Secretariat to issue the RFP to solicit responses from AEs and potential AEs to establish and manage pilot programmes for mobilizing funds at scale and decided to allocate up to USD 500 million over the course of the initial mobilization period for this programme. The Board also decided to consider proposals submitted under this RFP as part of the wider portfolio of the GCF, and through the same modalities as standard proposals. The Secretariat has undertaken several promotional activities to raise awareness about this RFP among prospective private sector organizations since its launch, including the development of a promotional video and the establishment of an RFP microsite, the latter of which has received over 13,000 visits since its launch. The Secretariat also received over 200 emails and 150 phone calls for enquiries. The questions received about the RFP and the Secretariat's answers were anonymized and uploaded on the website and updated regularly.

54. The RFP closed on 30 August 2017 and the Secretariat received 350 concept notes. After the initial review by specialists from the Private Sector Facility Division (PSF), an evaluation committee comprised of specialists from the Country Programming Division (CPD), the Mitigation and Adaptation Division (DMA), PSF and the Division of Support Services (DSS) will review the submitted concept notes. An external consulting firm will be hired to audit the process. The concept notes submitted in response to this RFP will be scored against predetermined and Board-approved criteria and the submitters of concept notes with the

highest scores will be invited to develop full funding proposals. The Secretariat aims to present the first batch of funding proposals at B.19 for the Board’s consideration, and has targeted the submission to the Board of 4-7 proposals during 2018.

6.7 Additional private sector initiatives

55. While many of the programmes above will have significant private sector focus or participation, additional private sector initiatives in 2018 are designed to prepare the GCF and its stakeholders for further private sector involvement with the GCF in the years ahead. Toward that end, in early 2018, the Secretariat will present to the Board an analysis of the private sector landscape and recommendations for focusing private sector work. In addition, in both direct engagements and through the Secretariat’s strategic country, AE and DAE initiatives, the Secretariat will work to enhance country and AE understanding and capacity relative to the important role that the private sector can play in climate change and GCF programmes. Finally, during 2018, the Secretariat will initiate training programmes aimed at enhancing Secretariat-wide capacity to engage private sector firms in GCF projects.

56. As part of 2018 plan, PSF continues to support the Private Sector Advisory Group to deliver its mandates to the Board, including: making recommendations on the development of modalities to support activities enabling private sector involvement in least developed countries and small island developing states; identifying opportunities to engage the private sector, including local actors, in adaptation actions at the national, regional and international level; and making recommendations on forestry and REDD-plus.

VII. Overall 2018 project/programme projections

57. Based on the assumptions noted above the Secretariat is currently projecting the submission to the Board in 2018 of 40–55 funding proposals during 2018, including up to approximately 25–35 public sector proposals and between 15 and 20 private sector proposals. Some of the specific project-related targets for 2018 are summarized in table 2:

Table 2: Projection of approval for 2018

	Funding proposals	Readiness support (non-NAP/PPF)	Project Preparation Facility	National adaptation plans	REDD-plus	Mobilizing Funds at Scale - Pitch for the Planet	MSME II
	USD amount (number of proposals/requests)						
Public Sector	1–1.3 billion (25–35 proposals)	-	-	-	(4 proposals; included in public sector estimate)	-	-
Readiness related	-	30–40 million (60–80 requests)	14–15 million (30–40 requests)	100 million (40 requests)	-	-	-
Private Sector	1.2–1.5 billion (15–20 proposals)	-	-	-	-	450–500 million (4–7 proposals)	80–100 million (4–5 proposals)

Subtotals	2.2–2.8 billion (40–55 proposals)	30–40 million (60–80 requests)	14–15 million (30–40 requests)	100 million (40 requests)	Included in public sector subtotal	Included in private sector subtotal	Included in private sector subtotal
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58. While table 2 and the discussion above show a significant projected increase in the numbers of projects that the Secretariat expects to send to the Board in 2018, they do not speak specifically to the quality of those projects. In order to enable us to do that, the Secretariat will work in 2018 to set standards for and initiate the monitoring of key project quality indicators including the number of “quality- and readiness-related” conditions attached to proposals, the percentage of proposals coming from concept notes and PPF requests, the percentage of proposals that emanate from country programmes and entity work programmes, and the level of climate related benefits.

59. In more specific terms, the Secretariat has included in appendix III an indicative list of the projects that might be put forward during 2018. It should be noted that the projects on that list are tentative, and that some of the specific proposals are very likely to fall off as listed proposals encounter issues and/or new high-quality proposals are processed. In an effort to advance transparency, the list includes preliminary data on some of the projects. While the following attributes of the list may be interesting, given their very preliminary nature, they should be understood to be speculative. With those caveats, 18 of the potential proposals are listed as adaptation, 7 as mitigation, and 19 as cross-cutting, with most projects in the latter category estimating significant carbon dioxide (CO₂) benefits as well as beneficiary number impacts. With regards to those benefits and impacts, the projects/programmes that have preliminary estimates indicate aggregate lifetime reductions of over 100 million tonnes of CO₂ equivalent and aggregate beneficiary numbers of over 100 million people. Eight of the projects on the indicative list include information showing that they that come from DAEs, with the remainder being projected to come from international entities. 10 projects on the list are currently contained in country programme briefs, and 17 are currently contained in AE work programmes. As has historically been the case, the Secretariat will present an updated, forward-looking project list and related numbers to each meeting of the Board in 2018.

VIII. 2018 projections for initiating the implementation of approved projects/programmes and related disbursements

60. While Board review and approval of new projects and programmes are very important first steps in the GCF project/programme cycle, the Board is aware that there are several additional post-approval steps that must be completed before disbursements can be initiated and project implementation can begin. These include the need for the AE and Secretariat to negotiate the resolution of the independent TAP and Board conditions on approval, the finalization of an AMA with the AEs (if one had not already been negotiated) and the finalization of a project-specific FAA with the GCF. Because these activities require technical, legal and risk expertise, they are carried out by cross-Secretariat teams that include significant contributions from the Secretariat’s Office of General Counsel and Office of Risk Management, in addition to the finance team of the Support Services Division, task managers from DMA and PSF, and contributions from the CPD.

61. In February 2017, when the 2017 work programme was just being developed, the GCF only had two projects with FAAs and only one project that had gone through the process described above and reached the implementation stage. At 1 September 2017, the Secretariat can report that 17 of the 35 proposals approved prior to 2017 now have related FAAs. As a result, the Secretariat has already met its 2017 goal of having 17 or more projects reaching the implementation phase by the end of 2017.

62. With regards to the 2018 work programme, the Secretariat is projecting that by the end of 2018, over 80 per cent of the projects that have been approved through B.18 will have gone through the processes noted above and begun implementation. This progress will have a significant impact on disbursements. At the current time, the Secretariat is projecting that, during 2018, cumulative disbursements on projects approved prior to B.18 could amount to over USD 800 million, a level that is over one third of the value of proposals approved through B.16. Additional readiness related disbursements in 2018 will also be substantial. Table 3 below summarizes current projections for disbursements in 2018.

Table 3: Projections of disbursements for 2018

Funding proposals	Non NAP/PPF readiness support	PPF	NAPs
Cumulative total public sector disbursements projected to reach USD 164 million by end of 2018	-	USD 14 million disbursed for PPF applications approved in 2018	USD 30 million disbursed for NAPs approved in 2018
-	USD 25 million disbursed on 2018 approvals	-	-
Cumulative total private sector disbursements projected to reach as much as USD 673 million by the end of 2018	-	-	-
Totals			
Up to USD 837 million by end of 2018	USD 25 million	USD 14 million	USD 30 million

Note: The difference in estimated disbursements between public and private sector proposals reflect the fact that public sector projects tend to have a longer payment schedules with many small disbursements over time, while private sector projects tend to have shorter payment schedules with larger disbursements.

Abbreviations: NAP = national adaptation plan, PPF = Project Preparation Facility.

IX. Secretariat support for the Board including reporting/policy support and implementation

63. In accordance with the Governing Instrument for the GCF, the Secretariat has significant responsibilities related to the Board, and during 2018, the Secretariat will support new Board Co-Chairs as they accept new responsibilities within the GCF, and will also receive the nominations of new Board members for the term 2019–2021. In addition, the Secretariat will strive to support the Board’s responsibility under the Governing Instrument to oversee the operation of all relevant components of the GCF.

64. As noted in the 2017 work programme, over the course of the first 15 Board meetings, the request for Secretariat reporting increased significantly, and at the current time, the Secretariat produces or updates 10 discrete reports for each meeting of the Board, the majority of which relate to GCF programmes. These reports are reflected in the Board’s draft 2018 work plan – where they currently constitute over one quarter of the listed work plan activities. As noted in the 2017 work programme, the Secretariat believes that, while important, the majority of the Secretariat progress reports can be streamlined and consolidated, and towards that end, the draft work programme decision includes proposed language to that effect.

65. In addition to the progress reports, the Board’s draft 2018 work plan requests over 55 policy reports from the Secretariat. Those reports are excerpted from the work plan and listed

in appendix II to enable their review. The Secretariat would like to highlight the following policy issues that it believes are critical to the operation of the project and programme cycle:

- (a) Adoption of a simplified process for approval of proposals for certain activities, in particular for small-scale activities;
- (b) Adoption of a two-stage proposal approval process (decision B.17/09, paragraph (g));
- (c) Adoption of modalities to fast-track accreditation of private sector entities (decision B.17/06, paragraph (e));
- (d) Adoption of an incremental cost calculation methodology and/or alternative methodologies (decision B.17/10, paragraph (c) (i));
- (e) Adoption of further indicators in the performance measurement frameworks;
- (f) Adoption of policy guidelines on a programmatic approach;
- (g) Guidance and scope for providing support to adaptation activities (decision B.17/10, paragraph (c) (ii));
- (h) Presentation of findings of the additional analysis of potential investment priority areas to identify specific result areas where targeted GCF investment would have the most impact; and
- (i) Adoption of further guidance on concessionality (decision B.17/10, paragraph (c) (iv)).

66. In addition to the project and programme-related issues noted above, the Secretariat would also like to highlight the importance of decisions on replenishment, the selection of the Permanent Trustee, a methodology for decisions between meetings and on a communications strategy as the decisions that it believes are particularly important to the operation of the Secretariat.

67. The Secretariat notes that several of the policy issues identified above as priorities were included in the Board's work plan for early 2018. Others, however, are not. Further, we note that the actual agenda of specific Board meetings often becomes too busy to accommodate all of the policy items that were included in the work plan for a specific meeting. For example, at B.17, the Board deferred 21 items in the work plan. Accordingly, the Secretariat requests the Board to consider taking up the above-noted issues for priority consideration early in 2018.

68. Beyond preparing Board documents and facilitating the meetings of the Board, the Secretariat will work on several additional matters related to supporting the Board in 2018, including the review of guidelines on observer participation, and facilitating and monitoring the implementation of the GCF information disclosure policy.

69. Additional 2018 programme implementation work that the Secretariat would like to highlight relates to the significant new programmes for risk management and complementarity and coherence that the Board recently approved (at B.17); the initiation of work under those programmes will be among the Secretariat priorities in 2018.

70. With regards to the implementation of the operational framework on complementarity and coherence, and in accordance with decision B.17/04 and relevant guidance from the Conference of the Parties (COP), the Secretariat will support the engagement of countries in promoting coherence among climate finance delivery channels at the national programming level. An increased number of concept notes, funding proposals and requests for readiness and other preparatory support with consideration of complementarity with other climate finance delivery channels will be sought. The second annual dialogue with climate finance delivery channels will also be held in 2008 as part of the implementation of the framework.

71. Another priority area is the implementation of mandates related to linkages with the Technology Mechanism of the UNFCCC and advancing technology-related matters. In accordance with decision B.14/02 and relevant COP guidance, the Secretariat will be taking further steps to enhance cooperation and engagement with the Technology Executive Committee and the Climate Technology Centre and Network. Additionally, in 2018 the Secretariat will be taken forward decisions to advance concrete options on how the GCF can support collaborative research and development in developing countries, upon receiving further guidance from the Board at B.18.

72. As an operating entity of the financial mechanism of the UNFCCC accountable to and functioning under the guidance of the COP, the Secretariat will also support the implementation of the arrangements between the COP and the GCF during 2018 through the implementation of guidance from the twenty-third session of the Conference of the Parties (COP 23); the submission of the “Seventh GCF Report to the COP”; representation in meetings of the COP and its subsidiary bodies and participation in COP 24 (Katowice, Poland, 3–14 December 2018) and in meetings of the thematic bodies of the UNFCCC.

X. Communications and outreach

73. Communications is a core function of the Secretariat that cuts across all operational activities of the GCF. The proposed priority activities for the Secretariat’s 2018 work programme would therefore be implemented into all substantive areas of the GCF in an integrated and coordinated manner.

74. For 2018, the Secretariat’s communications and outreach activities will closely follow the strategic plan and core objectives, specifically by:

- (a) Communicating focused accounts of the impact of the operations of the GCF;
- (b) Explaining how developing countries benefit from their relationship with the GCF, including by creating awareness of the ability of the GCF to enhance national capacity;
- (c) Prioritizing content creation and proactive messaging to convey the ‘GCF story’ which emphasizes the success of the GCF in implementation;
- (d) Scaling up outreach efforts to the private sector;
- (e) Continuing support for resource mobilization (targeted towards new potential contributors) in line with Board-agreed resource mobilization plans or campaigns;
- (f) Promoting dialogue with civil society representatives at the international, regional and national levels, as well as by amplifying messages in partnership with like-minded organizations;
- (g) Creating a comprehensive visual identity and branding for the GCF;
- (h) Pro-actively engaging target audiences and key stakeholders through online platforms, using latest digital communication tools; and
- (i) Identify opportunities for a ‘GCF Stakeholder Forum’ in 2018, to be convened with an established outreach partner that would support the hosting of such gathering.

75. In addition, a key deliverable for 2018 will be the development of a revised GCF Communications Strategy in line with previous Board decisions and advice from the Co-Chairs. Following the Board decision B.13/25, the Secretariat will solicit new input from the Board and adapt this strategy in 2018.

XI. Administration and resource management

76. Broadly speaking, the administration and resource management function of the Secretariat encompasses a wide range of activities including resource mobilization, administration, finance and procurement, portfolio management and monitoring, information and communication technology (ICT) and human resources. The hundreds of activities supported under these broad headings range from the production of annual audited financial statements to ensuring sufficient office space for new Secretariat staff and ensuring accountability for disbursements on projects and activities; indeed, the Secretariat's increasing staff and project work will require the Secretariat to continue to enhance our work in these last two specific items in 2018. Those, however, are only examples; the Secretariat is targeting significant work in many additional work areas in 2018.

77. **Resource mobilization:** The Secretariat notes the guidance to the Board from COP 22 and COP 23 "to agree on the arrangements for the first formal replenishment process of the Green Climate Fund." The Secretariat will continue in 2018 to stand ready to support the Board in any direction that it may decide regarding those arrangements for replenishment. Further, in an effort to ensure that we are well positioned to initiate action as soon as a Board decision is taken, the Secretariat will enhance its staffing in this area by up to four staff. A comprehensive replenishment process can take approximately 18–24 months to conclude. One final initiative we would like to highlight in this area relates to our effort to develop a proposal on policies and procedures for accepting contributions from both subnational jurisdictions, and philanthropic foundations and other non-public alternative sources. We believe that these sources can play a role in the evolving funding environment of the GCF, and we note that this issue is included in the Board's work plan.

78. **Administration:** The Secretariat has a large number of initiatives to undertake in the continuing effort to develop the administrative frameworks necessary to ensure the efficient and effective operation of both the Secretariat and the GCF. During 2018, the Secretariat is scheduled to revise the Administrative Guidelines with an intention to present a principles-based policies, rather than Administrative Guidelines.

79. The current staffing of the Secretariat is expected to reach nearly 140 by B.18. The draft 2018 work programme and administrative budget assume total staffing of 250 by the end of 2018. This will necessitate the provision of additional office space and supporting functions to facilitate new additional staff.

80. The Secretariat also prepared a GCF Business Continuity Plan and an Emergency Evacuation Plan approved in 2017. Given the current geopolitical tensions in the region both will be monitored and updated constantly during 2018.

81. Another set of important initiatives relate to the Secretariat's **treasury function** and its role in managing the assets and liabilities of the GCF. On that front, the Secretariat is targeting completion by the end of 2018 for a number of initiatives that are essential for protecting assets of the GCF and increasing investment return of cash position including the development of new cash investment portfolio to increase investment return and to lower risk; the proposal of a new foreign exchange hedging risk strategy to lower the risk of foreign exchange conversion effect; and the completion of building and customizing a new cashflow management system in the GCF. Another important initiative in the administration area relates to the finalization of the Secretariat's initial operations manual. This living document, which was requested by the Board, will help to clarify roles and responsibilities of staff and offices in key funding processes, and thereby enhance cross-Secretariat cooperation. It will also support induction of new staff and, through its evolution, facilitate continuous improvement in Secretariat's work. Training, socialization and revision for process improvements will continue in 2018.

82. In 2018, the **portfolio management and monitoring functions** will move from a start-up position to one playing a crucial role in several areas, including the monitoring of the expanding portfolio of approved projects. Toward that end, the Secretariat is developing templates for Annual and Portfolio Performance Reports (APRs) to facilitate timely and consistent reporting on key indicators. The First Portfolio Performance Report will be prepared and presented to the Board in the first half of 2018. In addition, the Secretariat will initiate systems for data reporting/dashboard to enable us to meet the requirements for portfolio performance reporting.

83. **Information and communication technology (ICT):** The 2017 work programme highlighted the build out of ICT systems as an area of extreme importance, and in the short time since that work programme was developed, a group of additional priority projects have been identified. The potential benefits of related initiatives were reinforced by our work with Dalberg, which emphasized the significant impact that the ICT work could have on both the efficient operation of the Secretariat and required Secretariat staffing. Key ICT products not identified in the 2017 work programme that are considered to be near-term priorities for the remainder of 2017 and into 2018 include: enhancements to the Secretariat's document and records management system (DMS/RMS) which is essential to facilitating team collaboration and increasing efficiencies across all departments; the development of the Secretariat's human resources (HR) management system; the development of an e-Sourcing system for procurement; enhancements to the infrastructure improvement system designed to integrate the Secretariat's various communications tools; the establishment of country and AE portals to facilitate enhanced transparency and interaction with these key stakeholders; and the development of a due diligence management system. To support the development and operation of these programmes, and to build out other essential ICT tools, the Secretariat is targeting the hiring of approximately six new ICT staff during 2018.

84. **Procurement:** The procurement function of the Secretariat has grown in 2017 from a two-person team to an eight-person team. The procurement function now includes travel services as well as recruitment of individual consultants. In 2017, a number of initiatives were started in order to make the procurement function support GCF operations more efficiently and in line with good practice. As some of the initiatives were interdependent, these will be continued and finalized in 2018:

- (a) The sustainable procurement (policy) administrative instructions document is due to be presented during 2018;
- (b) Travel services have been outsourced to an external firm with the Procurement and Travel Team providing oversight. The travel services contract provides for 24/7 English services and travel insurance to GCF travellers. It is expected that this approach will make provision of travel services more efficient over time and help with cost control through identification of saving opportunities with the travel agent;
- (c) The procurement planning process started in 2017, and related lessons learned will be used for subsequent procurement plans. Procurement planning for 2018 is expected to commence in November 2017 through to 31 January 2018;
- (d) Standard bidding documents will be updated and introduced after approval of the revised procurement guidelines because the revisions will be based on the same guidelines; and
- (e) E-sourcing system – a lot of progress has been made in relation to procurement of the E-sourcing system. It is expected that, all factors constant, the E-sourcing system will be fully in place before the end of 2017 and tested to identify possible gaps before full scale implementation and user training in 2018.

85. With the increase in the number of professional staff in procurement (from one to three) it is expected that more efficient support to the project proposal review process will be provided on procurement matters. As part of the 2018 focus, the procurement unit will collaborate closely with CPD, PSF and the Portfolio Management Unit to identify possible gaps on procurement issues that should be addressed before a proposal goes forward to the next stage. This undertaking is based on what has been observed since 2016 in relation to the differences in approach by AEs on procurement issues. While some AEs (e.g. the World Bank) undertake a thorough procurement capacity assessment of the implementing parties proposed in the project proposal and identify risk and recommend mitigation strategies as expected, other AEs do not and merely provide a very simplified procurement section that does not provide any major information on how procurement will be governed and the capacity of the implementing entity.

86. **Finance:** The new AE fees policy is tabled for B.18, which includes a number of improvements over the interim policy. Once the policy is approved by the Board, the entire Secretariat will be involved in the implementation of the policy, including in guiding AEs on various aspects of the new policy. As part of the Secretariat's second-level assessment of the funding proposals, the team will be doing the financial management assessment of all the funding proposals to be presented to the Board in 2018. Furthermore, the team will spearhead the development of the document on financial terms and conditions of financial instruments during 2018.

87. The pace of disbursement increased significantly during the first part of 2017. In the period to August USD 55 million was disbursed and total disbursements are expected to reach over USD 200 million for 2017 rising to over USD 800 million for 2018. This has implications both for staffing levels and accounting systems to accurately record, process and account for the increased level of disbursement on a timely basis. It will also impact on the production of the annual financial statements in that it will increase the complexity of the GCF balance sheet and majority of expenditures will be programmatic instead of administrative.

11.1 Human resources/Secretariat structure

88. Both the decisions of the Board and its strategic plan recognize the importance of building adequate institutional capabilities, including building "a well-staffed Secretariat that can deliver all of its functions as provided in the Governing Instrument."⁸ Consistent with the Board's 2017 work programme decision and approved budget, the Secretariat has been working on multiple tracks to achieve these goals. As it relates to staffing, the 2017 work programme included as a priority that the Secretariat be authorized to work towards a new staffing goal of 180 to be met as soon as possible but no later than 2018. Therefore it established an ambitious goal of being able to have approximately 140 staff on board by the end of calendar year 2017. We are pleased to say that the Secretariat expects to exceed that goal and it is working towards reaching approximately 180 level by the first quarter of 2018.

89. Further, on the basis of the approved 2017 budget, the Secretariat worked quickly after B.16 to initiate a detailed independent assessment of its current and short-term capacity needs, and the continued suitability of the Secretariat structure relative to the evolving GCF business model. This review was approved by the Board in the context of the 2017 budget and was considered by the Secretariat to be urgent, given that the significant expansion of GCF programmes and the fact that the current structure was put in place in 2013, prior to the development and operationalization of the project/programme cycle. The review was conducted in a comprehensive and professional manner by Dalberg Global Development Advisors, and a summary of the Dalberg report together with the Secretariat's proposals on related issues are included in document GCF/B.18/10. As it relates to the Secretariat work

programme, if the Board endorses the Secretariat proposals on staffing and restructuring, the Secretariat will redouble its efforts to hire high-quality staff, and to map them into the evolving organization in the most effective manner possible. As it relates to expectations for specific staff distribution, the Secretariat will prioritize the hiring of staff to support project/programme/concept note review and processing as well as work in the area of ICT. On the latter, we agree with the findings of Dalberg that further development of the ICT infrastructure will lead to Secretariat-wide efficiencies, and will thereby reduce the rate of future demands for increased staffing.

90. As noted in document GCF/B.18/10, the structural changes being put forward for Board endorsement will present significant opportunities to enhance the Secretariat's strategic focus and overall management. In particular, the hiring of an experienced stand-alone Deputy Executive Director will enable the effective day-to-day coordination of the evolving GCF programmes, ensure the effective and prudent execution of the 2018 work programme and budget; and, in coordination with the Support Services Division/Human Resources, manage the strategic recruitment of approximately 100 additional new positions. Hiring an experienced and dynamic Deputy Executive Director will free up the Executive Director's time and allow him to focus more on policy, strategic outreach, negotiation and replenishment-related issues. The establishment of an External Affairs Division will support the coordination of and promote synergies among the numerous relationships that different Secretariat components have with other organizations, governments and civil society. It will also provide essential strategic direction to Secretariat communications, an area that will become even more vital as the GCF moves into its first replenishment phase. The renaming of the Office of the Secretary to the Board (OSB) to Governance Affairs is more than cosmetic, and reflects what will be a strengthened ability to act as a centre of knowledge management for governance issues related to the Board, including serving as an institutional memory for new Board members and Co-Chairs and the tracking of all Board decisions. It will also support the Secretariat's efforts to maintain strong relations with the UNFCCC and to implement the framework on complementarity and coherence with a view to building relationships with other climate funding bodies and effectively leveraging GCF resources to maximize climate benefits. Finally, the establishment of anchor positions to help coordinate strategic planning and knowledge management systems will help to ensure that the many related efforts being undertaken throughout the Secretariat are well coordinated, properly monitored and mutually supportive. These changes, together with a more formalized and accountable joint work programming process will help to strengthen collaboration and improve lateral communications between and among the Secretariat's three substantive divisions (CPD, DMA and PSF).

91. **Enhanced onboarding and training:** Creating new structures and contracting new staff are important tasks but they must be supported by a thorough introduction and induction to their new frameworks so that they can become quickly effective and engaged with their work. An organizational induction programme is now running at regular intervals, and this is supplemented by support and coaching from managers on the job requirements. This programme will continue in 2018 and will be enhanced in line with the growth of the organization. This effort will also be supported by the new Secretariat Operations Manual, which will evolve to support both the new structure and new Board policies. Moreover, new staff are very often accompanied by their families and care is taken to help them settle in. With our partners, the City of Incheon, who offer a generous welcome package, we are able to support families with information and practical help. We are planning to enhance this support via the procurement of a professional relocation services agency in 2018, as the influx of additional staff and their families will call for increased capacity in this area.

92. While focus has been (and will continue to be) on recruiting new staff and helping them and their families to settle into Songdo, we are also making sure that existing staff are able to

keep their professional skills and knowledge up to date. This is not only to maintain and expand the capacity of the Secretariat, but also to engage and retain our staff for whom professional and career development are critical. 2017 was the first year that a budget was specifically set aside for learning and training, and this will be continued and expanded in 2018 onwards, with significant investments in individual training plans to fill skills gaps, and professional development initiatives. A number of divisions are planning substantial technical training programmes to make sure their staff have the optimum skills and knowledge for their roles. Many of these training opportunities will be made available to all Secretariat staff. Learning and training in 2018 will be led by a newly hired talent management specialist, whose main role will be to facilitate organizational and individual training/learning initiatives.

XII. Risk, audit, and legal functions

93. **Risk management and compliance:** The publication of the Risk Dashboard starting in 2018 will provide the Board and the GCF senior management team with the information needed to monitor and make informed decisions with respect to the risks identified in the Risk Register and the risk tolerances of the GCF, established in the Risk Appetite Statement. In 2018, the funding proposal review process will also incorporate a project success rating and a credit risk rating, which can be used for portfolio reviews and funding proposal risk assessments. The successful implementation of the components of the risk management framework supports the GCF objective to review more funding requests and increases the efficiency of the reviews, which will lead to greater climate impact.

94. Another priority of the function in 2018 is the development and implementation of the compliance target operating model, covering its mandate, strategy and a definition of roles and responsibilities to assign clear ownership either to the compliance function or other related groups.

95. **Internal audit:** The Office of the Internal Auditor (OIA) developed the risk-based three-year internal audit plan for 2017–2019 earlier in 2017, and is currently in the process of implementing it.

96. The OIA will continue auditing units of the GCF Secretariat. The current plan is to audit the following units in 2018:

- (a) Portfolio Management Unit;
- (b) ICT and Security Unit (within DSS);
- (c) Office of Governance and General Counsel;
- (d) Procurement and Travel Unit (within DSS); and
- (e) Office of Risk Management and Compliance.

97. **Legal support:** Virtually every segment of the work of the GCF benefits from legal assistance, and as the work of the GCF grows, related assistance remains critical. In particular, legal support will continue to be vital in 2018 in the negotiation of the AMAs and FAAs that enable projects to move forward towards implementation. In addition, legal counsel to the Board and the new Co-Chairs will remain important in 2018, as will ongoing assistance in the implementation of the Governing Instrument, Board decisions and Board policies. Legal assistance is also vital to the operation of the Secretariat itself, and in 2018, the Secretariat will benefit from legal support in such areas as HR and procurement. Finally, during 2018 the Secretariat's legal expertise will work towards increasing the number of privileges and immunities agreements between the GCF and countries.

XIII. Proposed 2018 administrative budget of the GCF

98. The activities of the Board, the Secretariat, and the services provided by the Interim Trustee are supported through an administrative budget approved by the Board against the funds available in the Green Climate Fund Trust Fund (GCF Trust Fund) established by the Interim Trustee. The following sections propose the administrative budget for the period 2018 to support the operations of the GCF during this period by:

- (a) The Board;
- (b) The Secretariat; and
- (c) The Interim Trustee.

99. It also includes the budget for estimated staff costs for Board-approved positions for the periods 2019 and 2020.

100. The 2018 budget has been developed in collaboration with relevant divisions and offices of the Secretariat, and is based on their proposed activities for 2018, and estimates provided by the Interim Trustee. The GCF senior management team played a strong challenge function when reviewing individual divisional/office budgets. The budget was also reviewed by the Budget Committee and incorporates their feedback.

13.1 Summary 2018 draft Budget

101. In total the proposed 2018 administrative budget is USD 63.6 million as set out in table 4. This represents a total increase of USD 16.8 million or 36 per cent over the approved 2017 budget for the Board, the Secretariat and the Interim Trustee.

102. Approximately 83 per cent (USD 13.9 million) of the proposed increase relates to the cost of the additional positions¹ as requested by GCF divisions/offices to implement their 2018 work programmes. The number of requested positions is towards the lower end of the staffing range as proposed by Dalberg in their report “Accelerating the Capacity Building of the GCF Secretariat”. The remaining amount of USD 2.9 million comprises increases of USD 0.2 million for Board expenditure, USD 2.1 million for the Secretariat budget (mainly ICT and communications) and USD 0.6 million for the Interim Trustee. Details are set out below. The estimated staff costs for 2019 and 2020, based on staffing level of 250, amounts to USD 42.5 million and USD 44.3 million respectively.

Table 4: Proposed administrative budget for the period 2018 (in United States dollars)

	2017 Approved at B.16	Draft 2018 Projection	Increase/ (decrease) in 2017 draft budget over approved 2016	% change
1 Board	3,186,305	3,337,046	150,741	5
2 Secretariat	42,471,526	58,473,960	16,002,434	38
3 Interim Trustee	1,126,240	1,747,000	620,760	55
Total (1+2+3)	46,784,071	63,558,006	16,773,935	36

¹ The budget assumes that approximately 160 staff will be on board by the end of 2017 and 250 by the end of 2018.

13.2 Board

103. The costs relating to the Board, detailed in table 5, cover expenditures associated with:
- (a) Logistical arrangements for and travel to Board meetings;
 - (b) Co-Chair and Board representative travel on GCF related missions; and
 - (c) Inter-sessional meetings of Board committees, panels and working groups; including the costs of the Accreditation Panel and the Technical Advisory Panel.

Table 5: Board: Proposed administrative budget for the period 2018 (in United States dollars)

	2017 Budget approved at B.16	2018 Draft budget	Increase/ (decrease) in 2018 draft budget over approved 2017	% change
1 Board meetings				
1.1 Board representative travel	1,087,680	1,120,310 ^a	32,630	3
1.2 Venue and logistics	391,400	403,142	11,742	3
Subtotal: Board meetings	1,479,080	1,523,452	44,372	3
2 Co-Chair and Board representative travel				
2.1 Co-Chair and Board representative travel	23,175	23,870	695	3
Subtotal: Co-Chair and Board representative travel	23,175	23,870	695	3
3 Board committees, panels and working groups				
3.1 Board representative travel	326,510	336,305 ^b	9,795	3
3.2 Venue and logistics	10,300	10,609	309	3
3.3 Compensation of Board panels: Accreditation Panel	605,640	623,809 ^c	18,169	3
3.4 Compensation of Board panels: Technical Advisory Panel	741,600	819,000 ^d	77,400	10
Subtotal: Board committees, panels and working groups	1,684,050	1,789,724	105,674	6
Total (1+2+3)	3,186,305	3,337,046	150,741	5

^a 12 Board members, 12 alternate members and 24 advisers to attend each per meeting.

^b Assumes six members of the Accreditation Panel and Technical Advisory Panel travelling to three Board meetings per year in addition to three one-week missions for pre-Board technical session; two Accreditation Panel members making six site visits; and three Private Sector Advisory Group meeting.

^c Assumes six panel members working an average of ten days per month.

^d Assumes six panel members on monthly fixed honoraria rates.

104. In aggregate, the proposed budget for the Board in 2018 shows an increase of USD 0.15 million or 5 per cent over the 2017 approved budget. This comprises an increase of USD 77,400 or 10 percent for the costs of the Technical Advisory Committee (to bring their budgeted costs into line with signed contracts) and a general increase of 3 per cent in other line items. The proposed increase of 3 per cent is in line with standard budget practice.

105. The costs associated with the meetings logistics have been budgeted on the assumption that there will be three Board meetings in 2018 together with an informal meeting and that three of the four meetings will be held at the GCF Headquarters, with the other meeting held outside of Headquarters.²

106. The costs associated with Board committees, panels and working groups are budgeted in line with the 2017 expected costs. In addition, members of the Accreditation Panel will again be expected to undertake site visits in 2018. As in 2017, virtual meetings will be the preferred mode of operation.

13.3 Secretariat

107. The proposed budget for the Secretariat is set out in table 6. It includes the costs for staff, consultancies, travel and operational/contractual services required to support the work plan of the Secretariat for 2018.

Table 6: Secretariat: Proposed administrative budget for the period 2018 (in United States dollars)

	2017 Budget approved at B.16	Draft 2018 budget	Increase/ (decrease) in 2018 draft budget over approved 2017	% change
1 Salaries and consultants				
1.1 Full-time staff	24,143,451	38,037,342	13,893,891	58
1.2 Consultants	3,866,920	2,891,250	(975,670)	(25)
Subtotal: salaries and consultants	28,010,371	40,928,592	12,918,221	46
2 Travel				
2.1 Travel	1,569,500	2,322,500	753,000	48
2.2 Secretariat staff travel – Board meeting	267,800	275,834	8,034	3
Sub-total: travel	1,837,300	2,598,334	761,034	29
3 Contractual services, general operating, and info. technology costs				
3.1 Office utility costs	300,000	309,000	9,000	3
3.2 Contractual services	7,500,000	7,525,573	25,573	0
3.3 Other operating costs	475,000	489,250	14,250	3
3.4 Communication and printing	315,000	1,063,018	748,018	237
3.5 Information and communication technology	3,183,855	4,690,000	1,506,145	47
3.6 Depreciation	850,000	870,193	20,193	2
Subtotal: contractual services, general operating, and info. technology costs	12,623,855	14,947,034	2,323,179	18
Total (1+2+3)	42,471,526	58,473,960	16,002,434	38

² This assumption is made for the purpose of budgeting and does not pre-empt Board decisions on either the number or venue of meetings in 2018.

108. The preparation of the draft 2018 budget is based on a number of factors. These include:
- (a) The development of the detailed 2018 work programme and the Secretariat’s divisions/offices best estimate of the resources required to carry out their respective 2018 work programmes. In particular it takes into account the need to provide technical support to countries and direct access entities in their efforts to develop and submit good high-quality funding proposals. At present, CPD and DMA are working closely to support 10 countries and 10 direct access entities but with the growing need for more country-centred approaches and country-focused origination a scaling up of these efforts are required. It also takes into account the need to clear the current backlog of accreditation and funding proposals;
 - (b) The recent study carried out by Dalberg on “Accelerating the Capacity of the Secretariat” which is presented as annex III under Board document GCF/B.18/10 titled “Structure and staffing of the Secretariat”. The study concluded a staffing capacity projection of between 238 under a low scenario to 294 under a high scenario for 2018;
 - (c) The need to increase the level of back office functions to support the larger operational units;
 - (d) The creation of an External Relations Division; and
 - (e) A strong challenge function by the senior management team in challenging each division/office to justify their requested budgets.
109. **Staffing:** Decision B.12/27 noted that “the current workload is being carried out by a complement of 56 regular Secretariat staff and approximately 33 long term consultants and acknowledges that this situation is unsustainable and should be addressed as a priority”.
110. It further noted the need to increase the number of regular staff in the Secretariat to an approximate total of 100 by the end of 2016 and to further increase to a total of approximately 140 by the end of 2017, taking into account the ability of the Secretariat to recruit and absorb the increasing staff numbers, following the appropriate processes. It is now likely that a total of 140 staff will be reached by B.18.
111. The Dalberg report recommended a 2018 staffing range of between 238 and 294 for 2018.
112. The staffing budget for 2018 has been prepared based on GCF division/office inputs of their estimated requirement to implement their 2018 work programmes. The total is for 250 staff. This number lies towards the lower end of the Dalberg range for 2018.
113. The total salaries budget requested for 2018 is USD 38,037,342. This represents an increase of USD 13,893,891 or 58 per cent. The requested budget assumes that 160 staff will be on-board by the end of 2017 and 250 by the end of 2018.
114. The requested additional staff will be recruited in a phased manner during the latter part of 2017 and throughout 2018. As noted in footnote 1, it is assumed that an additional 20 staff will be recruited by the end of 2017 and an additional 90 staff by the end of 2018, bringing the total staffing level to 250. Table 7 sets out the phasing of staff recruitment, broken down by project cycle-related and non-project cycle-related staff, together with costs.

Table 7: Phasing of staff recruitment and estimated budget

	2018				Total
	Q1	Q2	Q3	Q4	
Staff					

Project cycle-related	15	16	16	15	62
Non-project cycle-related	7	7	7	7	28
In staff category (budget USD thousands)					
IS	17 (3,743)	17 (2,807)	17 (1,872)	17 (936)	68 (9,358)
AS	5 (452)	6 (407)	6 (271)	5 (113)	22 (1,244)
Total	22 (4,196)	23 (3,215)	23 (2,143)	22 (1,049)	90 (10,602)

115. The estimated costs of the 250 staff positions are USD 42,289,607 and USD 44,107,723 for 2019 and 2020, respectively.

116. **Consultancy costs** comprise the hiring of individual consultants. Professional service firms who provide consultancy services are budgeted under the line item contractual services. Individual consultancies are made up of full-time consultants based in Songdo (staff consultants) for periods of three months upwards and consultants who provide services remotely on a call basis. The Board, in approving the 2017 budget and the additional staffing numbers, tasked the Secretariat with reducing consultancy costs going forward.

117. Consultants are budgeted at USD 2.9 million against the 2017 budget of USD 3.9 million and estimated actual costs of USD 5 million for 2017. The proposed 2018 budget shows a reduction of USD 1 million or 25 per cent against the 2017 budget and USD 2.1 million or 42 per cent against the projected 2017 actual expenditure.

118. The total of USD 2.9 million comprises staff consultants of USD 0.6 million and remote consultants USD 2.3 million.

119. Time sheet consultants are required to provide additional expertise in technical areas where the relevant division does not propose to hire staff itself.

120. **Travel:** Staff travel is budgeted at USD 2.6 million, of which USD 2.35 million is to support the work programme of the Secretariat and USD 0.25 million for staff members supporting the Board meeting outside of Songdo.

121. The travel budget of USD 2.35 million represents 11 per cent of non-staff costs and is in line with other international organizations. For example, travel costs as a percentage of non-staff costs are 13 per cent for World Intellectual Property Organization and 17.9 per cent for Pan American Health Organization. This proposed budget of USD 2.35 million reflects the need for staff to undertake missions for outreach and awareness-raising, as needed in countries and partner institutions and also takes into account the large increase in staffing levels in 2018. At the same time it takes into account the increasing awareness within the GCF Secretariat for staff to conduct business through virtual meetings wherever possible.

122. **Utility costs** are estimated at USD 0.3 million. These comprise utility costs for the headquarters eight floors which will be occupied by GCF in 2018. The requested increase is in line with normal inflationary increase.

123. **Contractual services** represents the cost of contracting professional service/consultancy firms to supplement the substantive work programme of the Secretariat in 2018.

124. The proposed budget is USD 7.5 million. This is a similar level to that approved for 2017. The 2017 approved budget represented an increase of USD 3 million over 2016. The Board noted, in approving the increase for 2017, that the level of USD 7.5 million should not become the new norm. However, some of the work proposed to be undertaken in 2017 has been delayed (country programming advisory services, external counsel for funded projects) and will now be undertaken in 2018. Thus the Board is again requested to approve a budget of USD 7.5 million.

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125. The main components and outputs by operating division are as follows:
- (a) The CPD budget includes an amount for USD 2.1 million for professional services to provide country programming advisory services, to assess applications for accreditation, and to develop environmental and social safeguards/gender tools;
 - (b) The USD 1.1 million budgeted under Office of the General Counsel comprises an amount of USD 0.7 million for external legal due diligence, review and drafting of funded activity agreements and related project documentation (subscription agreements, deeds of incorporation, shareholders agreements, etc), advice on local laws and the issuance of legal opinions. These services will as a rule need to be rendered after the Board has approved a funding proposal. In addition, USD 0.4 million is requested for legal advice on institutional matters (both international and Korean law firms) where the Secretariat does not have the in-house expertise and for translation services;
 - (c) The Private Sector Facility Division budget includes an amount of USD 0.75 million for the provision of technical advisory services. This will support the development of a business plan for the Division and for the provision of support to direct access private entities seeking accreditation;
 - (d) The budget for DMA includes an amount of USD 0.3 million for the provision of technical advisory services. The increasing amount of funding proposals and concept notes will require additional capacities to conduct second-level due diligence, technical and compliance reviews. The Division foresees receiving support from specialized firms for conducting part of the review process, enabling the division to manage a larger number of proposals for more specialized areas which may not be covered by the professional profile of the new staff that will be joining the team during the next three to six months
 - (e) The Office of Risk Management budget includes an amount of USD 1.5 million for the continuing development of comprehensive risk and compliance policies/rating methodologies and for other consulting services requiring a third-party opinion. It should be noted that the budget allocated for some of these services in 2017 was not utilized in 2017; and
 - (f) The Support Services Division/Chief Financial Officer budget includes an amount of USD 1.4 million for a range of services, which includes: human resource professional recruitment firms; research on the establishment of the replenishment process; a review of contribution policy; and audit services.
126. **Other operating costs:** Miscellaneous costs such as office supplies, bank charges, insurance, in-house workshops, and so on, amounting to USD 0.5 million has been proposed.
127. **Communication:** The communications work in 2018 assumes the creation of a new External Affairs Division. It will focus on two overarching goals: firstly to raise awareness and encourage, support and promote collaboration among key stakeholders of the GCF; and secondly to use communications to achieve the objectives of the GCF.
128. It also includes a budget of USD 0.6 million for a “Climate Frontiers” conference. This is a proposed high-level stakeholder conference that GCF could convene in 2018 to help nurture the global dialogue on climate investments. This forum could be organized in partnership with existing and potential new partner institutions that would co-sponsor the event. Depending on the calibre and format of the gathering, the conference would likely incur cost of approx. USD 1.4 million of which GCF would contribute USD 0.6 million. The organization of such an event would be outsourced to a professional firm for international conference services.
129. **Information and communication technology (ICT):** The 2018 budget is based on best practices for organizations operating in the public sector. For example, a metric derived

from the Gartner benchmark estimates average ICT costs for organizations operating in the public sector. Gartner's applicable ICT budget benchmark for national/international governmental organizations such as the GCF is 11.7 per cent of corporate total. For 2018, the IT systems budget, excluding staffing costs, is USD 4.7 million (8 per cent) together with a depreciation charge of USD 0.85 million.

130. The primary focus will be to continue the implementation of systems (set out below) previously begun in 2017. The most important projects are:

- (a) Integrated Portfolio Management System;
- (b) Monitoring and evaluation management system;
- (c) Organizational performance management system;
- (d) Readiness and partnering systems and tools;
- (e) A contributions and cash management system;
- (f) A risk and quality management system;
- (g) Human resource management system;
- (h) eProcurement portal;
- (i) Content management system; and
- (j) Online volunteer knowledge-sharing platform.

131. **Depreciation:** Includes the annual depreciation costs for systems developed in 2016 and 2017:

- (a) Software and hardware;
- (b) Board room equipment; and
- (c) Computer equipment.

13.4 Interim Trustee

132. The administrative budget for the Interim Trustee shown in table 8 includes the estimated costs and expenses of the International Bank for Reconstruction and Development (the World Bank) for the Interim Trustee services of the GCF as estimated by the Interim Trustee. Actual costs for 2018 will depend on the level of services required and may also be adjusted dependent on a Board decision regarding the appointment of a permanent trustee.

Table 8: Interim Trustee, Estimated costs and expenses for the period 2018 (in United States dollars)

	2017 budget	2018 budget	Increase/ (decrease) in 2018 draft budget over approved 2017	% change
1 Financial and programme management				
1.1 Staff costs and expenses	320,040	340,000	19,960	6
1.2 Travel	48,400	40,000	(8,400)	-17
Subtotal: financial and programme management	368,440	380,000	11,560	3
2 Investment management	595,000	1,264,000	669,000	112
3 Accounting and reporting				
3.1 Staff costs and expenses	33,000	33,000	-	0
Subtotal: accounting and reporting	33,000	33,000	-	0
4 Legal services				
4.1 Staff costs and expenses	95,700	60,000	(35,700)	-37
4.2 Travel	34,100	10,000	(24,100)	-71
Subtotal: legal services	129,800	70,000	(59,800)	-46
Total (1+2+3+4)	1,126,240	1,747,000	620,760	55

133. **Financial and programme management:** These items cover: processes and procedures relating to all aspects of financial transactions; management and processing of contributions, including negotiation and execution with contributors, all banking, foreign exchange, payment requests and acknowledgements; executing cash transfers to recipients; regular financial reporting and activities related to preparation of financial statements and external audit. It also includes responding to day-to-day enquiries from Secretariat, contributors and other GCF constituencies and stakeholders, and ad hoc advisory services to the Secretariat on specific issues, as requested. The level of effort required for these items is expected to remain at or slightly above that required in 2017. The increase is in line with staff salary increases.

134. **Investment management:** The World Bank Group charges a flat fee of 3.5 basis points (0.035 per cent) of the estimated average annual undisbursed balance in the GCF Trust Fund for investment management services for trust funds. For the purpose of the budget estimate, an average balance of USD 3.6 billion for CY2018 is assumed based on information included in GCF documents and estimated year end balances. The actual fee will depend on the actual average balances in the GCF Trust Fund during 2018, which may be higher or lower than this estimate depending on timing of cash contributions, GCF requests for cash transfers and so on.

135. **Accounting and reporting:** This item includes maintenance of appropriate records and accounts to identify contributions and other receipts and GCF Trust Fund liabilities.

136. **Legal services:** These items include the preparation of contribution agreements/arrangements with contributors and other agreements and arrangements as required, including with the GCF, and the review of documents of the GCF given their impact on

the role of the Interim Trustee. The expectation in 2018 is that there will be a decrease in legal services from the Interim Trustee.

Appendix I: Administrative budget of the Green Climate Fund for 2018

Items	Budget 2018 (USD)
1 Board	
1.1 Board meetings	1,523,452
1.2 Co-Chair and Board representative travel	23,870
1.3 Board committees, panels and working groups	1,789,724
Sub-total: Board	3,337,046
2 Secretariat	
2.1 Salaries and consultants	40,928,592
2.2 Travel	2,598,334
2.3 Contractual services, general operating, information technology costs	14,947,034
Sub-total: Secretariat	58,473,960
3 Interim Trustee	1,747,000
Grand total	63,558,006

Appendix II: Policy related reports requested of the Secretariat in the 2018 work plan of the Board

1. Presentation of the annual assessment of the application of the country ownership guidelines (*Decision B.17/21, para. (c)*)
2. Adoption of a policy on co-financing (*Decision B.17/10, para. (c)(iii)*)
3. Presentation of ToR for request(s) for proposals for the remainder of the allocation for the MSME pilot programme (decision B.13/22, para. (f))
4. Adoption of fiduciary compliance and integrity policies - (Decisions B.12/31, para. (i), B.14/01, para. (e), and B.15/13)
5. Integration of policies relating to prohibited practices, anti-money laundering and countering the financing of terrorism in the interim fiduciary standards (*Decision B.14/01, para. (f)*)
6. Commencement of the review of the initial fiduciary standards (*Decision B.14/08, para. (f)*)
7. Presentation of the environmental and social management system
8. Presentation of method and criteria for the prioritization of entities applying for accreditation (*Decisions B.14/08, para. (d)(ii), and B.17/01 (b), (xi)*)
9. Presentation of modalities for the use of third-party evidence in the accreditation process (*Decision B.14/08, para. (e), and B.17/01 (b), (xii)*)
10. Presentation of findings of the assessment, including a gap analysis of the Adaptation Fund's environmental and social policy and gender policy and recommendations on potential accreditation and fast-tracking (*Decision B.14/08, para. (e)(iii), and B.17/01 (b), (xiii)*)
11. Presentation of consolidated country and entity work programmes - (*Decision B.17/05, para (c)*)
12. Presentation of findings of the additional analysis of potential investment priority areas to identify specific result areas where targeted GCF investment would have the most impact
13. Adoption of risk rating models - (*Decision B.17/11, para (f)*)
14. Adopt a decision on cases where high-level and low-level concessional terms will apply for the public sector work
15. Development and application of incremental cost calculation methodology and/or alternative methodologies - (*Decision B.17/10, para. (c)(i)*)
16. Options for further guidance on concessional terms - (*Decision B.17/10, para. (c)(iv)*)
17. Guidance and scope for providing support to adaptation activities - (*Decision B.17/10, para. (c)(ii)*)
18. Adoption of a simplified process for approval of proposals for certain activities, in particular for small-scale activities
20. Consideration of options for the development of a two-stage proposal approval process (*Decision B.17/09, para. (g)*)
21. Defining the nature, scope and extent of second-level due diligence by the Secretariat (*Decision B.17/09, para. (o)*)

22. Update to the project and programme activity cycle as contained in decision B.17/09, annex IV (*Decision B.17/09, para (n)*)
23. Comprehensive restructuring and cancellation policy (Decisions B.07/03, para. (e), and B.17/09, para. (p))
24. Further development of some indicators in the performance measurement frameworks
25. Consideration of alternative policy approaches for the integral/sustainable management of forests
26. Recommendations for modalities to fast-track accreditation of private sector entities (*Decision B.17/06, para (e)*)
27. Presentation of PSAG recommendations on the development of a private sector outreach plan (*decision B.13/05, para. (d), B.BM-2017/02*)
28. Consideration of PSAG recommendations on opportunities to engage private sector, including local actors, in adaptation at national, regional and international levels
29. Mobilization of private sector finance to progress GCF forestry-related results areas
30. Consideration of the review of the structure and staffing of the Secretariat, including a proposal on Secretariat staffing for communications and outreach (*Decision B.13/25, para. (e)*)
31. Approval of the work programme of the Secretariat for 2019
32. Presentation of the unaudited financial statements for 2017
33. Approval of the audited financial statements for 2017
34. Approval of the administrative budget of the Board and Secretariat for 2019
35. Consideration of options for the timely consideration of funding proposals between meetings (*Decision B.17/09, para (m)*)
36. Presentation of a Code of conduct for the Accreditation Panel
37. Presentation of findings of the review of the structure and effectiveness of the independent Technical Advisory Panel (*Decisions B.10/09, para. (d), B.14/01, para. (h) and B.15/06 para. (c), and B.17/01 (b)(i)*)
38. Adoption of ToRs for the performance review of the TAP members (*Decision B.09/10, annex XII*)
39. Presentations of options for a mechanism to draw on appropriate scientific and technical advice
40. The terms of reference for the Permanent Trustee; selection process and criteria, approval of announcement
41. Presentation of the recommended final nominee to the Board for its decision (*Decision B.16/05, annex II*)
42. Presentation of a comprehensive 2017 annual status report on the implementation of the strategic plan (*Decisions B.12/20, para. (d), and B.17/05, para (d)*)
43. Adoption of a communications strategy - (Decisions B.04/13, B.11/15, B.13/25, para. (f), and B.17/01)
44. Presentation of ToRs for the review of committees, panels and groups

45. Presentation of work programmes of committees and panels that include actions outlined in the strategic plan (*Decisions B.12/20, para. (f), B.BM-2017/02, and B.17/01, para. (b)(i)*)
46. Presentation of findings of the review of committees, panels and groups
47. Review of the webcasting service (*Decision B.12/35, para. (g)*)
48. Establishment of the independent appeals panel (*Decision B.12/35, annex XXIX, para.28*)
49. Presentation of recommendations on the review of the relevant disclosure requirements once the environmental and social management system is developed (*Decision B.12/35, para. (b)*)
50. Presentation of findings of the review of the Gender policy and Gender action plan
51. Adoption of a GCF Indigenous Peoples' Policy
52. Presentation of the outcomes of the review of guidelines on observer participation (*Decisions B.BM-2016/11, B.BM-2017/02*)
53. Presentation of policies on the formal replenishment process
54. Policies and procedures for contributions from philanthropic foundations and other non-public and alternative sources
55. Approve the seventh GCF report to the COP. COP report to include the report of the COP23 annual meeting with the UNFCCC thematic bodies, and updates related to complementarity and coherence with other funds (*Decisions B.13/11 para. (e), and B.17/04, para. (d)*)
56. Annual report presenting of the outputs from the operational framework on complementarity and coherence. Report to be presented in conjunction with the Seventh COP Report (*Decision B.17/04, para. (b)*)

Appendix III: Public Sector Funding Proposals Expected to be Presented to the Board in 2018

As of 2017.08.23

No.	Dummy Name	Region	Theme	Financial Instrument	GCF Amount (million USD)	Co-financing (million USD)	Total (million USD)	Impact Potential	Direct/Int'l access	Stage	Country Programme?	Entity Work Programme?	Developed from CN?	Received PPF support?
1	REDD-plus programme	Multi-region (Asia-Pacific region, Africa, South America)	Cross-cutting	Grant	210.00	150.00	360.00	Direct/Indirect beneficiaries: 550,000 Female beneficiaries %: 50 Lifetime CO ₂ tons total: 30,000,000	International	Stage4: FP submitted	N/A	No	Yes	No
2	Water Development project	Asia-Pacific region	Adaptation	Grant	40.00	120.00	160.00	Direct Beneficiaries: 388,000 Direct/indirect beneficiaries: 519,000	International	Stage4: FP submitted	N/A	No	Yes	No
3	Energy Efficiency project	Latin America and the Caribbean	Mitigation	Grant, Loans	22.00 (Grant: 2.00 Loans: 20.00)	20.00	42.00	Direct/indirect beneficiaries: 7,652,633 Lifetime CO ₂ tons Total: 7,174,343 Duration CO ₂ (years): 478,290	International	Stage4: FP submitted	N/A	No	Yes	No
4	Adaptation project	Africa	Adaptation	Grant	10	4.94	14.94	Direct beneficiaries: 50,000	Direct - national	Stage4: FP submitted	N/A	Yes	Yes	No
5	Off-grid Energy project	Asia-Pacific region	Mitigation	Grant, Loans	57	100	157		Direct - national	Stage4: FP submitted	N/A	No	Yes	No
6	Livelihood resilience project	Latin America and the Caribbean	Cross-cutting	Grant	22.03	15	37.03	Female beneficiaries %: 30 Lifetime CO ₂ tons total: 2,246,390 Duration CO ₂ (Years): 320,913	International	Stage4: FP submitted	N/A	Yes	Yes	No
7	Navie vegetation project	Latin America and the Caribbean	Cross-cutting	Grant	50.67	67.14	117.81	Indirect beneficiaries: 9,140 Female beneficiaries %: 47 Lifetime CO ₂ tons Total: 2,250,000	International	Stage4: FP submitted	Yes	No	No	No
8	Agribusiness project	Asia-Pacific region	Cross-cutting	Grant, Loans	40.00	100.00	140.00	Direct beneficiaries: 390,000 Indirect beneficiaries: 1,950,000 Direct/Indirect beneficiaries: 2,340,000	International	Stage4: FP submitted	N/A	No	Yes	No
9	REDD-plus project	Asia-Pacific region	Mitigation	Grant	38.00	41.00	79.00	Lifetime t CO ₂ tons total: 7,056,428 Duration CO ₂ (years): 1,960,000	International	Stage4: FP submitted	Yes	No	Yes	No
10	Renewable energy and efficiency investment	Latin America and the Caribbean	Mitigation	Loans, Grants	102.50 (Grant: 2.5 Loans: 100.00)	60.00	162.50	Lifetime t CO ₂ eq: 4,075,713 Annual CO ₂ eq: 233,508	International	Stage4: FP submitted	N/A	No	No	No
11	Reforestation and afforestation project		Cross-cutting	Loans, Grant	60.9 (Loans: 50 Grant: 10.9)	84.42	145.32		Direct - regional	Stage3: CN submitted	N/A	Yes	No	No
12	Renewable energy project	Asia-Pacific region	Mitigation	Grant	64.37	20.10	84.47	Lifetime t CO ₂ eq: 353,521 Annual CO ₂ eq: 14,141	International	Stage4: FP submitted	No	Yes	Yes	No

13	Sustainable Coastal infrastructure project	Latin America and the Caribbean	Cross-cutting	Grant	26.6	7.2	33.8		Direct - regional	Stage3: CN submitted	No	Yes	Yes	No
14	Enhanced Direct Access adaptation project	Latin America and the Caribbean	Adaptation	Grant	20	0	20		FOR B.18 CONSIDERATION Direct - national	Stage2: Generation of FP	No	No	N/A	No
15	Adaptation project	Asia-Pacific region	Adaptation	Grant	67.2	7.8	75	Direct beneficiaries: 1,27M Indirect beneficiaries: 3M	International	Stage4: FP submitted	Yes	No	Yes	No
16	Water supply system project	Asia-Pacific region	Adaptation	Grant	10.85	76.24	87.09	Total beneficiaries: 235,000 Female %: 52	International	Stage4: FP submitted	N/A	No	No	No
17	Rural green economy project	Africa	Cross-cutting	Grant	46.23	0	46.23	Annual t CO ₂ eq: 21,142 Lifetime t CO ₂ eq: 129,133 Direct beneficiaries: 71,060 (Female%: 50)	Direct - national	Stage4: FP submitted	No	Yes	Yes	Yes
18	Cities programme	Multi-regional (East Europe, Asia-Pacific region, South Europe, Africa)	Cross-cutting	Loan, Grant ¹	181	800.5	981.5	Annual t CO ₂ eq: 1.8M Lifetime t CO ₂ eq: 23.3M Direct beneficiaries: at least 10 cities Indirect beneficiaries: 703,700 daily passenger trips	International	Stage4: FP submitted	N/A	N/A	Yes	No
19	Development and adaptation programme	Africa	Cross-cutting	Grant	67.71	220.51	288.22	Annual t CO ₂ eq: 1.4M Lifetime t CO ₂ eq: 7M Direct beneficiaries: 4M Indirect beneficiaries: 10M	International	Stage4: FP submitted	No	Yes	No	No
20	Building Resilient Communities project	Latin America and the Caribbean	Adaptation	Grant	9.55	0.45	10	Direct beneficiaries: 30,150 Indirect beneficiaries: 27,375	International	Stage4: FP submitted	Yes	Yes	Yes	No
21	Resilient Coastal project	Asia-Pacific region	Cross-cutting	Grant	77.893	0	77.893	Annual t CO ₂ eq: 69,115 Lifetime t CO ₂ eq: 1.382M Direct beneficiaries: 154,000 Indirect beneficiaries: 480,000	International	Stage4: FP submitted	No	Yes	No	No
22	Early Warning System project	East Europe	Adaptation	Grant	26.57	17.29	43.86	Direct beneficiaries: 1.71M Indirect beneficiaries: 3.7M	International	Stage4: FP submitted	N/A	No	Yes	No
23	Cross-cutting programme	Asia-Pacific region	Cross-cutting	Grant	20	TBC	TBC	Lifetime CO ₂ tons Total: 10.3M	International	Stage4: FP submitted	No	Yes	Yes	No
24	Water Banking project	Africa	Adaptation	Grant	59.6	116.33	175.93	Direct beneficiaries: 430,000 Female beneficiaries %: 51	International	Stage4: FP submitted	Yes	No	No	No
25	Climate Resilience project	Asia-Pacific region	Adaptation	Grant	100	93.34	193.34	Direct beneficiaries: 2.2M Indirect beneficiaries: 19M	International	Stage4: FP submitted	N/A	No	Yes	No

26	Climate resilience project	Asia-Pacific region	Adaptation	Grant	9.52	0.00	9.52	Direct beneficiaries: 50,000 Indirect beneficiaries: 70,000	International	Stage4: FP submitted	N/A	No	Yes	No
27	Resilience of communities and ecosystems project	Africa	Adaptation	Grant	9.9	0	9.9	Direct beneficiaries: 481,322	Direct - national	Stage4: FP submitted	N/A	Yes	No	No
28	Ecosystem-Based Adaptation project	Africa	Cross-cutting	Grant	60	29	89	Direct beneficiaries: 800,000	International	Stage3: CN submitted	No	Yes	No	No
29	Landscape REDD-plus Project	Africa	Cross-cutting	Grant	60	15	75		International	Stage3: CN submitted	Yes	No	Yes	No
30	Watershed management project	Asia-Pacific region	Cross-cutting	Grant	200	48	248		International	Stage3: CN submitted	Yes	No	No	No
31	Resilient project	Asia-Pacific region	Cross-cutting	Grant	50	100	150		International	Stage3: CN submitted	N/A	Yes	No	No
32	Green Integrated Investment Programme	Africa	Cross-cutting	Grant	10	0	10	Total beneficiaries: 115,000 Lifetime CO ₂ eq: 8,280,960 Annual CO ₂ eq: 414,048	Direct - national	Stage4: FP submitted	N/A	Yes	No	No
33	Energy recovery project	Africa	Cross-cutting	Grant	41.1	6.5	47.6	Total t CO ₂ eq: 210,000 Direct beneficiaries: 16,000	Direct - national	Stage3: CN submitted	No	Yes	Yes	No
34	Climate Resilience and Transformational Change project	Asia-Pacific region	Adaptation	Grant	42.567	20.166	62.733	Direct beneficiaries: 20,000 Indirect beneficiaries: 460,000	International	Stage4: FP submitted	N/A	No	No	No
35	Sustainable Transition in Energy Project	Latin America and the Caribbean	Mitigation	Grant	6.6	9.137	15.737	Annual t CO ₂ eq: 5,600 Lifetime t CO ₂ eq: 120,000	International	Stage4: FP submitted	No	No	No	No
36	SIDS Sustainable Transition in Energy Programme	Multi-region	Mitigation	Grant	32.878	8.928	41.806	Annual t CO ₂ eq: 1,041,437 Lifetime t CO ₂ eq: Direct: 6.14M / Indirect: 26.03M Total beneficiaries: 6.8M	International	Stage4: FP submitted	No	No	No	No
37	Vulnerable coastal and livelihoods project	Africa	Adaptation	Grant	33.68	2.7	36.38	Direct beneficiaries: 128,530 Indirect beneficiaries: 449,854	International	Stage4: FP submitted	N/A	No	Yes	No
38	Coastal Resilience Project	Asia-Pacific region	Adaptation	Grant	48.40	1.20	49.60	Direct beneficiaries: 4,233 Indirect beneficiaries: 14,961	International	Stage4: FP submitted	Yes	No	No	No
39	Agricultural Insurance programme	Latin America and the Caribbean	Adaptation	Grant	18.00	2.00	20.00	Total beneficiaries: 55,000	International	Stage4: FP submitted	N/A	No	Yes	No
40	Resilient Water project	Latin America and the Caribbean	Adaptation	Grant	37.6	6.7	44.3		International	Stage4: FP submitted	Yes	Yes	Yes	No
41	Climate resilience of livelihoods project	Africa	Adaptation	Grant	47.8	5.5	53.3	Direct beneficiaries: 946,153 Indirect beneficiaries: 5,329,570	International	Stage4: FP submitted	N/A	No	No	No



42	Climate-Related Natural Disasters Project	Latin America and the Caribbean	Adaptation	Grant	15.4	32.7	48.1	Direct beneficiaries: 72,838 Indirect beneficiaries: 2,720,000	International	Stage4: FP submitted	Yes	Yes	No	No
43	Agriculture and food security project	Latin America and the Caribbean	TBC	TBC	TBC	TBC	TBC		International	Stage2: Generation of FP	No	No	N/A	No
44	Private sector REDD-plus	Latin America and the Caribbean	Cross-cutting	Grant, equity, loans	100	200	300			Stage2: Generation of FP	No	No	N/A	No
45	REDD-plus bonds	Latin America and the Caribbean	Cross-cutting	Grant, equity, loans	150	650	800		International	Stage2: Generation of FP	No	No	N/A	No

Appendix IV: Results Framework¹

OUTCOME					
On-time execution of the delivery of the GCF Strategic and Board Work Plan 2018 is supported by the Secretariat Work Programme 2018					
Total est. FTE: 250 Est. Direct FTE: 182 Est. Indirect FTE: 68		Assumptions: 1. Geo-political and economic circumstances are not unfavourable to GCF's mandate. 2. Continued strong Board support to the Fund.			
Outcome KPI 1.1	Key measures of the Strategic Plan Prioritized and implemented	Phase	Baseline (Sept 2017)	Target (Dec 2018)	Means of Verification
		Planned	Number and volume of approvals a) Number of Direct Access Entities: 27 (50% of all entities) b) Total GCF funding proposals approved (as of B.17): USD 2.25 billion (cumul) i. Public Sector: USD 1.05 billion (cumul) ii. Private Sector: USD 1.2 billion (cumul) c) Volume of PPF funding: USD 2.7 million (approved/endorsed) d) Volume of adaptation planning funding: USD 23 million (approved/endorsed) e) Volume of readiness support (excluding adaptation planning) funding: USD 39.5 million f) Private sector MSME pilot program funding (B.17): USD 32.2 million g) Adaptation portfolio balance in line with the decisions on resource allocation (B.17): 80% of the committed GCF funding for adaptation targets LDCs, SIDS, and African States	Number and volume of approvals a) Number of Direct Access Entities: At least 50% of all entities (10-20 additional) b) Total GCF funding proposals approved: USD 2.2-2.8 billion i. Public Sector: USD 1-1.3 billion ii. Private Sector: USD 1.2-1.5 billion c) Volume of PPF funding: USD 14-15 million d) Volume of adaptation planning funding: USD 100 million e) Volume of readiness support (excluding adaptation planning) funding: USD 30-40 million f) Private sector MSME II: USD 80-100 million Private sector MFS: USD 450-500 million	1. Progress report on the implementation of the readiness and preparatory support program 2. Status report on the PPF requests received as part of the activities of the Secretariat report 3. Compilation of Country and Entity Work Programs 4. Report of the PMU 5. Reports on the status of Accreditation Master Agreements (AMAs) at each Board meeting
		Estimated FTE	Total FTE 250		
Outcome KPI 1.2	Work Program and Budget of the Secretariat approved	Phase	Baseline (Sept 2017)	Target (Dec 2018)	Means of Verification
		Planned	Work Program and Budget 2017: Approved at B.16	Work Program and Budget 2018: Considered and endorsed by the Board; implemented.	1. Decision related to Work Program and Budget 2018

¹ This is a tool work in progress.

Cross Cutting

Output 1: Outputs from cross-cutting indicators below

Assumptions:

1. Establishment and implementation of cross-divisional working groups, such as Knowledge Management and ICT Steering Group, Operations Committee, Terms and Conditions Committee

Output KPI	Description	Phase	Baseline (Sept 2017)		Target (Dec 2018)		Means of Verification
			Planned	Estimated FTE	Planned	Estimated FTE	
Output KPI 1.1	Review of concept notes (DMA, PSF, DCP)	Planned	a) Number of CNs reviewed: 109 (in current pipeline; cumul)		a) Number of CNs reviewed: 220-250 (incl. up to 150 related to the GCF pilot programme RFPs) - while promoting use of new CN template		1. Template available on website; concept note work analyzed.
		Estimated FTE	Direct: Part of Output KPI 1.7				
Output KPI 1.2	Enhanced capacity of a targeted group of DAEs and support their development of high-quality DAE proposals and aligned work programmes (DCP, DMA, PSF)	Planned	a) DAEs assisted generally through readiness programme b) Number of DAE projects for Board's consideration: 14, incl. 2 EDA proposals (including those presented at B.18) c) DAE work programmes in initial iteration		a) At least 15 DAEs designated for enhanced strategic engagement b) 8 high-quality DAE projects (incl. 6 EDA proposals) c) DAE work programmes contain related projects and are forward-looking		1. Review of reports on targeted country work and list of projects for Board's consideration 2. Quality factors to include # of related proposals came from CNs, that were included in country programmes and entity work programmes 3. Review of DAE work programmes 4. Ratio of Board submissions reviewed by the Secretariat
		Estimated FTE	Direct: 2				
Output KPI 1.3	IAE engagement initiatives (DCP, DMA, PSF)	Planned	a) General support to all AEs b) Low baseline for country programmes		a) Enhanced engagement with at least 10 IAEs b) Higher alignment to national priorities		1. Review of IAE work programmes and related country programmes/projects submissions 2. Mapping of IAE projects and country programmes 3. Enhanced partnership with DAE
		Estimated FTE	Direct: 4.5				
Output KPI 1.4	Country engagement initiative (DCP, DMA, PSF)	Planned	a) Country programme and additional support given to countries that request assistance b) Low number of high-quality country programmes		a) Enhanced and coordinate engagement with at least 20 countries in 2018 b) 10 country programmes which are climate-focused and have gone through national consultation processes		1. Review of country programmes and listed project ideas of countries targeted through the initiative
		Estimated FTE	Direct: 7				

Output KPI	Description	Phase	Baseline (Sept 2017)		Target (Dec 2018)		Means of Verification
			Planned	Estimated FTE	Planned	Estimated FTE	
Output KPI 1.5	Web portal initiative (DCP, DMA, PSF, DSS, Communications)	Planned	Initial demo to be shared with the Board at B.18		Operation of web portals for all GCF countries and AEs in 2018 enabling them access to up-to-date information		1. Review of numbers and content of web portals on 31/12/2018
		Estimated FTE	Direct: 3				
Output KPI 1.6	Increased number of approved projects that have negotiated AMAs and FAAs and begin 1st disbursement; Increased total aggregate disbursements on approved projects (PSF, DMA, OGC, ORMC, DSS, DCP)	Planned	a) Number of proposals with negotiated AMAs and FAAs and begun disbursements: 17		a) 35 out of 45		1. Evaluation of project and disbursement data at the end of 2018
		Estimated FTE	b) Projected 2017 aggregate disbursement of USD 230m on proposals approved through B.16		b) GCF accumulated aggregate disbursement of USD 750m-837m on proposals approved through B.16		
			Direct: 24				
Output KPI 1.7	Review of proposal submissions; Increased number and volume of FPs (DCP, DMA, PSF, OGC, ORMC, DSS)	Planned	a) Number of FPs sent to and reviewed by the Secretariat: 74 (in current pipeline; cumul)		a) Number of FPs sent to and reviewed by the Secretariat: 185 (cumul)		1. Evaluation of project and disbursement data at the end of 2018
		Estimated FTE	b) Number of proposals for Board's approval: 26		b) Number of proposals for Board's approval: 40-55		2. Analysis of projects approved by the Board in 2018
			c) Volume: USD1.3b		c) Volume: USD2.2-2.8b		
			Direct: 63				
Output KPI 1.8	Enhanced efficiency in the time for processing PPF requests; Increased number of requests processed and disbursements (DCP, DMA, PSF)	Planned	a) Processing time of PPF requests: 6 months from PPF submission to disbursement		a) Processing time of PPF requests: 3 months from PPF submission to disbursement		1. Evaluation of PPF data on dates of submission, review process milestones, and disbursement
		Estimated FTE	b) Number of PPF requests: 3 requests approved/endorsed		b) Number of PPF requests: 30-40 approved/endorsed		2. Evaluation of numbers of approvals and disbursements
			c) Volume of PPF requests: USD 2.7 m approved/endorsed		c) Volume of PPF requests: USD 14-15 million approved/endorsed		
			Direct: 3				

Output KPI	Description	Phase	Baseline (Sept 2017)	Target (Dec 2018)	Means of Verification
		Planned	<p>a) Number of countries engaged in promoting coherence amongst climate finance delivery channels at the national programming level: 0</p> <p>b) Number of CNs and FPs with consideration of complementarity with other climate finance: 0</p> <p>c) Number of country-driven readiness and other preparatory support requests with consideration of complementarity with other climate finance delivery channels: 0</p>	<p>a) 10</p> <p>b) 10</p> <p>c) 10</p>	<p>1. Report on progress made and outputs from the operational framework on complementarity and coherence</p> <p>2. Outcomes and updates related to complementarity and coherence in the report of the COP to UNFCCC</p>
Estimated FTE		Direct: 3			
Output KPI 1.10	Policy support to the Board (Dependant on policy being considered)	Phase	Baseline (Sept 2017)	Target (Dec 2018)	Means of Verification
		Planned	<p>Over 40 policy documents requested in 2017 Board work plan;</p> <p>Over 55 policy documents expected in 2018 Board work plan;</p> <p>Limited number of Secretariat papers produce Board decisions</p>	<p>Provide priority policy documents at least 3 weeks before each BM;</p> <p>Support the Board in document prioritization;</p> <p>Increase percentage of work prior to BM to enhance understanding of the related proposed actions in order to increase the percentage of documents generating Board decisions.</p>	<p>1. Discussions with Co-Chairs team on support given</p> <p>2. Monitoring the number of policy documents prepared, sent to the Co-Chairs, sent to the Board, and the number that generate Board decisions</p>
Estimated FTE		Direct: 2			

Office of the Executive Director / Deputy ED

OUTPUT 2: Optimized ability of the Secretariat to carry out its responsibilities; Prepare communications strategy that supports enhancing GCF's global profile and expanding its number of partners, supporting greater information sharing with its stakeholders, and positioning the GCF to support replenishment discussion.

Assumptions:

1. Board endorses proposed structural changes
2. Work moves forward on existing terms of reference for a communications strategy

Output KPI 2.1	Implement changes to the Secretariat's structure	Phase	Baseline (Sept 2017)	Target (Dec 2018)	Means of Verification
		Planned	Secretariat structure in existence before B.18	New Deputy Executive Director hired; OSB renamed and provided with enhanced capacity; External Affairs Division established.	1. Evaluation of Secretariat structure at the end of 2018
Estimated FTE	Direct: 6				

Division of External Affairs (pending decision on structure)

Output KPI 2.2	Communications strategy	Phase	Baseline (Sept 2017)	Target (Dec 2018)	Means of Verification
		Planned	Board approved ToR for a communications strategy at B.04, deferred in decisions 12/16 and 13/25. Initial objectives established in 13/25 pending preparation of a strategy	Strategy to be prepared by mid-2018	1. Communications strategy available for review by mid-2018
Estimated FTE	Direct: 10				

Governance Affairs (prev. Office of the Secretary to the Board)

Assumptions (cross-cutting):

Complementarity & coherence framework: 1. Development of a methodology for considering complementarity in CNs and FPs and readiness requests, including proposals coming through the PPF
 2. Development of approach within country ownership guidelines to promote coherence at the national programming level
 3. Continued interest in pursuing complementarity and coherence with the GCF from other climate finance delivery channels
 4. Countries are interested in preparing and presenting CNs, FPs, and preparatory support requests which promote coherence amongst climate finance delivery channels.

Policy support to the Board: 1. The provisional agenda for Board meetings is cleared with sufficient time for the Secretariat to develop respective documentation
 2. The Secretariat is able to issue documents for Board meetings once they are deemed to be ready

Relevant cross-cutting KPI

Output KPI 1.9	Complementarity and coherence framework (OSB, DMA, PSF, CPD)	Phase	Baseline (Sept 2017)	Target (Dec 2018)	Means of Verification
		Planned	a) Number of countries engaged in promoting coherence amongst climate finance delivery channels at the national programming level: 0 b) Number of CNs and FPs with consideration of complementarity with other climate finance: 0 c) Number of country-driven readiness and other preparatory support requests with consideration of complementarity with other climate finance delivery channels: 0	a) 10 b) 10 c) 10	
Estimated FTE	Direct: 3				

Output KPI 1.10	Policy support to the Board (Dependant on policy being considered)	Phase	Baseline (Sept 2017)	Target (Dec 2018)	Means of Verification
		Planned	Over 40 policy documents requested in 2017 Board work plan; Over 55 policy documents expected in 2018 Board work plan; Limited number of Secretariat papers produce Board decisions	Provide priority policy documents at least 3 weeks before each BM; Support the Board in document prioritization; Increase percentage of work prior to BM to enhance understanding of the related proposed actions in order to increase the percentage of documents generating Board decisions.	
Estimated FTE	Direct: 2				

Office of the General Counsel

Output 4: Negotiate Privileges and Immunities agreements with countries; cross-cutting KPIs

Assumptions:

1. National-specific approval requirements and circumstances carefully considered and taken into account
2. Agreements focus only on the core requirements essential for the effective performance of the functions of GCF and the operationalization of its activities

Output KPI 4.1	Privileges and immunities	Phase	Baseline (Sept 2017)	Target (Dec 2018)	Means of Verification
		Planned	Number of P&Is: 12	Number of P&Is: 16	
Estimated FTE	Direct: 5				

Relevant cross-cutting KPI

Output KPI 1.6	Increased number of approved projects that have negotiated AMAs and FAAs and begin 1st disbursement; Increased total aggregate disbursements on approved projects (PSF, DMA, OGC, ORMC, DSS, DCP)	Phase	Baseline (Sept 2017)	Target (Dec 2018)	Means of Verification
		Planned	a) Number of proposals with negotiated AMAs and FAAs and begun disbursements: 17 b) Projected 2017 aggregate disbursement of USD 230m on proposals approved through B.16	a) 35 out of 45 b) GCF accumulated aggregate disbursement of USD 750m-837m on proposals approved through B.16	
Estimated FTE	Direct: 24				

Output KPI 1.7	Review of proposal submissions; Increased number and volume of FPs (DCP, DMA, PSF, OGC, ORMC, DSS)	Phase	Baseline (Sept 2017)	Target (Dec 2018)	Means of Verification
		Planned	a) Number of FPs sent to and reviewed by the Secretariat: 74 (in current pipeline; cumul) b) Number of proposals for Board's approval: 26 c) Volume: USD1.3b	a) Number of FPs sent to and reviewed by the Secretariat: 185 (cumul) b) Number of proposals for Board's approval: 40-55 c) Volume: USD2.2-2.8b	
Estimated FTE	Direct: 63				

Output KPI 1.10	Policy support to the Board (Dependant on policy being considered)	Phase	Baseline (Sept 2017)	Target (Dec 2018)	Means of Verification
		Planned	Over 40 policy documents requested in 2017 Board work plan; Over 55 policy documents expected in 2018 Board work plan; Limited number of Secretariat papers produce Board decisions	Provide priority policy documents at least 3 weeks before each BM; Support the Board in document prioritization; Increase percentage of work prior to BM to enhance understanding of the related proposed actions in order to increase the percentage of documents generating Board decisions.	
Estimated FTE	Direct: 2				

Risk Management & Compliance

Output 5: Initiate implementation of Risk Management Framework and development/implementation of Compliance Framework; cross-cutting KPIs

Assumptions:

1. Policies presented to the Board for consideration and approval, as well as implementation schedule roll out as planned

Output KPI 5.1	Risk Management Framework	Phase	Baseline (Sept 2017)	Target (Dec 2018)	Means of Verification
		Planned	Revised risk register, Risk Appetite Statement, Risk Dashboard, Risk Guidelines for Funding Proposals adopted at B.17 Non-financial Risk Policy, Funding Risk Policy, Investment Risk Policy, grant equiv. calculator (for info) to be presented at B.18	Initiate implementation of RMF Deliver risk rating process at B.19	1. Board documents on components of Risk Management Framework 2. Quarterly reporting of risk dashboard
Estimated FTE		Direct: 5.5			

Output KPI 5.2	Compliance Framework	Phase	Baseline (Sept 2017)	Target (Dec 2018)	Means of Verification
		Planned		Development and implementation of compliance operating model Development and implementation of key compliance policies (i.e. AML & CFT Policy) and its standards	1. Progress report and/or related policy documents on AML and CFT
Estimated FTE		Direct: 5.5			

Relevant cross-cutting KPI

Output KPI 1.6	Increased number of approved projects that have negotiated AMAs and FAAs and begin 1st disbursement; Increased total aggregate disbursements on approved projects (PSF, DMA, OGC, ORMC, DSS, DCP)	Phase	Baseline (Sept 2017)	Target (Dec 2018)	Means of Verification
		Planned	a) Number of proposals with negotiated AMAs and FAAs and begun disbursements: 17 b) Projected 2017 aggregate disbursement of USD 230m on proposals approved through B.16	a) 35 out of 45 b) GCF accumulated aggregate disbursement of USD 750m-837m on proposals approved through B.16	1. Evaluation of project and disbursement data at the end of 2018
Estimated FTE		Direct: 24			

		Phase	Baseline (Sept 2017)	Target (Dec 2018)	Means of Verification
Output KPI 1.7	Review of proposal submissions; Increased number and volume of FPs (DCP, DMA, PSF, OGC, ORMC, DSS)	Planned	a) Number of FPs sent to and reviewed by the Secretariat: 74 (in current pipeline; cumul) b) Number of proposals for Board's approval: 26 c) Volume: USD1.3b	a) Number of FPs sent to and reviewed by the Secretariat: 185 (cumul) b) Number of proposals for Board's approval: 40-55 c) Volume: USD2.2-2.8b	1. Evaluation of project and disbursement data at the end of 2018 2. Analysis of projects approved by the Board in 2018
		Estimated FTE	Direct: 63		
Output KPI 1.10	Policy support to the Board (Dependant on policy being considered)	Planned	Over 40 policy documents requested in 2017 Board work plan; Over 55 policy documents expected in 2018 Board work plan; Limited number of Secretariat papers produce Board decisions	Provide priority policy documents at least 3 weeks before each BM; Support the Board in document prioritization; Increase percentage of work prior to BM to enhance understanding of the related proposed actions in order to increase the percentage of documents generating Board decisions.	1. Discussions with Co-Chairs team on support given 2. Monitoring the number of policy documents prepared, sent to the Co-Chairs, sent to the Board, and the number that generate Board decisions
		Estimated FTE	Direct: 2		
Internal Audit					
Output 6: Perform internal audits to ensure compliance to international standards and support Secretariat efforts to continuously improve its operations					
Assumptions: Approved audit plan rolled out as planned.					
Output KPI 6.1	Internal audit	Planned	Number of audits conducted: 3 (5-6 expected by end of 2017)	Number of audits conducted: 5-6 within the Secretariat Establish arrangements for getting assurance on projects funded by the GCF Completion of Audit Manual	1. Internal Audit reports 2. Progress updates to the Board's Ethics and Audit Committee 3. Updates to three-year internal audit plan
		Estimated FTE	Direct: 3		

Division of Country Programming

OUTPUT 7: Increased NDA capacity; increased collaboration between NDAs, Secretariat, and AEs (incl. the private sector); adding new AEs with priority being given to applicants as directed by the Board; cross-cutting KPIs

Assumptions:

1. Active participation from NDAs and AEs
2. Part of output on accreditation of AEs dependent on consensus on review process

Output KPI 7.1	Regional or multi-country dialogues / support NDA-led country dialogues	Phase	Baseline (Sept 2017)	Target (Dec 2018)	Means of Verification
		Planned	a) Number of regional/multi-country dialogues: 5 b) Number of NDA-led dialogues supported by GCF presence: 10	a) Number of regional/multi-country dialogues: 8 b) Number of NDA-led dialogues supported by GCF presence: 20-30	1. Numbers of dialogues reported; reports from dialogues reviewed 2. Country programme briefs and AE workplans reviewed
		Estimated FTE	Direct: 7		

Output KPI 7.2	Accreditation of new AEs, including DAEs	Phase	Baseline (Sept 2017)	Target (Dec 2018)	Means of Verification
		Planned	Number of AEs: 54 (cumulative; 50% DAE)	Number of AEs: 20 additional (30-40 additional depending on reforms) with 50% DAE	1. Numbers of AEs accredited in the year
		Estimated FTE	Direct: 4.5		

Relevant cross-cutting KPI

Output KPI 1.1	Review of concept notes (DMA, PSF, DCP)	Phase	Baseline (Sept 2017)	Target (Dec 2018)	Means of Verification
		Planned	a) Number of CNs reviewed: 109 (in current pipeline; cumul)	a) Number of CNs reviewed: 220-250 (incl. up to 150 related to the GCF pilot programme RFPs) - while	1. Template available on website; concept note work analyzed.
		Estimated FTE	Direct: Part of Output KPI 1.7		

Output KPI 1.2	Enhanced capacity of a targeted group of DAEs and support their development of high-quality DAE proposals and aligned work programmes (DCP, DMA, PSF)	Phase	Baseline (Sept 2017)	Target (Dec 2018)	Means of Verification
		Planned	a) DAEs assisted generally through readiness programme b) Number of DAE projects for Board's consideration: 14, incl. 2 EDA proposals (including those presented at B.18) c) DAE work programmes in initial iteration	a) At least 15 DAEs designated for enhanced strategic engagement b) 8 high-quality DAE projects (incl. 6 EDA proposals) c) DAE work programmes contain related projects and are forward-looking	1. Review of reports on targeted country work and list of projects for Board's consideration 2. Quality factors to include # of related proposals came from CNs, that were included in country programmes and entity work programmes 3. Review of DAE work programmes 4. Ratio of Board submissions reviewed by the Secretariat
		Estimated FTE	Direct: 2		

Output KPI	Description	Phase	Baseline (Sept 2017)		Target (Dec 2018)		Means of Verification
Output KPI 1.3	IAE engagement initiatives (DCP, DMA, PSF)	Planned	a) General support to all AEs b) Low baseline for country programmes	a) Enhanced engagement with at least 10 IAEs b) Higher alignment to national priorities	1. Review of IAE work programmes and related country programmes/projects submissions 2. Mapping of IAE projects and country programmes 3. Enhanced partnership with DAE		
		Estimated FTE	Direct: 4.5				
Output KPI 1.4	Country engagement initiative (DCP, DMA, PSF)	Planned	a) Country programme and additional support given to countries that request assistance b) Low number of high-quality country programmes	a) Enhanced and coordinate engagement with at least 20 countries in 2018 b) 10 country programmes which are climate-focused and have gone through national consultation processes	1. Review of country programmes and listed project ideas of countries targeted through the initiative		
		Estimated FTE	Direct: 7				
Output KPI 1.5	Web portal initiative (DCP, DMA, PSF, DSS, Communications)	Planned	Initial demo to be shared with the Board at B.18	Operation of web portals for all GCF countries and AEs in 2018 enabling them access to up-to-date information	1. Review of numbers and content of web portals on 31/12/2018		
		Estimated FTE	Direct: 3				
Output KPI 1.6	Increased number of approved projects that have negotiated AMAs and FAAs and begin 1st disbursement; Increased total aggregate disbursements on approved projects (PSF, DMA, OGC, ORMC, DSS, DCP)	Planned	a) Number of proposals with negotiated AMAs and FAAs and begun disbursements: 17 b) Projected 2017 aggregate disbursement of USD 230m on proposals approved through B.16	a) 35 out of 45 b) GCF accumulated aggregate disbursement of USD 750m-837m on proposals approved through B.16	1. Evaluation of project and disbursement data at the end of 2018		
		Estimated FTE	Direct: 24				
Output KPI 1.7	Review of proposal submissions; Increased number and volume of FPs (DCP, DMA, PSF, OGC, ORMC, DSS)	Planned	a) Number of FPs sent to and reviewed by the Secretariat: 74 (in current pipeline; cumul) b) Number of proposals for Board's approval: 26 c) Volume: USD1.3b	a) Number of FPs sent to and reviewed by the Secretariat: 185 (cumul) b) Number of proposals for Board's approval: 40-55 c) Volume: USD2.2-2.8b	1. Evaluation of project and disbursement data at the end of 2018 2. Analysis of projects approved by the Board in 2018		
		Estimated FTE	Direct: 63				

Output KPI	Description	Phase	Baseline (Sept 2017)	Target (Dec 2018)	Means of Verification
Output KPI 1.8	Enhanced efficiency in the time for processing PPF requests; Increased number of requests processed and disbursements (DCP, DMA, PSF)	Planned	a) Processing time of PPF requests: 6 months from PPF submission to disbursement b) Number of PPF requests: 3 requests approved/endorsed c) Volume of PPF requests: USD 2.7 m approved/endorsed	a) Processing time of PPF requests: 3 months from PPF submission to disbursement b) Number of PPF requests: 30-40 approved/endorsed c) Volume of PPF requests: USD 14-15 million approved/endorsed	1. Evaluation of PPF data on dates of submission, review process milestones, and disbursement 2. Evaluation of numbers of approvals and disbursements
		Estimated FTE	Direct: 3		
Output KPI 1.9	Complementarity and coherence framework (OSB, DMA, PSF, CPD)	Planned	a) Number of countries engaged in promoting coherence amongst climate finance delivery channels at the national programming level: 0 b) Number of CNs and FPs with consideration of complementarity with other climate finance: 0 c) Number of country-driven readiness and other preparatory support requests with consideration of complementarity with other climate finance delivery channels: 0	a) 10 b) 10 c) 10	1. Report on progress made and outputs from the operational framework on complementarity and coherence 2. Outcomes and updates related to complementarity and coherence in the report of the COP to UNFCCC
		Estimated FTE	Direct: 3		
Output KPI 1.10	Policy support to the Board (Dependant on policy being considered)	Planned	Over 40 policy documents requested in 2017 Board work plan; Over 55 policy documents expected in 2018 Board work plan; Limited number of Secretariat papers produce Board decisions	Provide priority policy documents at least 3 weeks before each BM; Support the Board in document prioritization; Increase percentage of work prior to BM to enhance understanding of the related proposed actions in order to increase the percentage of documents generating Board decisions.	1. Discussions with Co-Chairs team on support given 2. Monitoring the number of policy documents prepared, sent to the Co-Chairs, sent to the Board, and the number that generate Board decisions
		Estimated FTE	Direct: 2		

Division of Mitigation and Adaptation

Output 8: Improved IA understanding of GCF goals; Improved project quality; cross-cutting KPIs

Assumptions:
1. Board decisions approved as needed

Output KPI 8.1	Results area guidance	Phase	Baseline (Sept 2017)	Target (Dec 2018)	Means of Verification
		Planned	Initial/incomplete investment/results management framework; Scattered information on projects types that align with Board frameworks and transformative goals	Production of initial sectoral/results area guidance in all 8 results areas providing direction on project alignment with GCF results frameworks and transformative goals	1. Initial results area guidance on website
Estimated FTE		Direct: 4			

Relevant cross-cutting KPI

Output KPI 1.1	Review of concept notes (DMA, PSF, DCP)	Phase	Baseline (Sept 2017)	Target (Dec 2018)	Means of Verification
		Planned	a) Number of CNs reviewed: 109 (in current pipeline; cumul)	a) Number of CNs reviewed: 220-250 (incl. up to 150 related to the GCF pilot programme RFPs) - while promoting use of new CN template	1. Template available on website; concept note work analyzed.
Estimated FTE		Direct: Part of Output KPI 1.7			

Output KPI 1.2	Enhanced capacity of a targeted group of DAEs and support their development of high-quality DAE proposals and aligned work programmes (DCP, DMA, PSF)	Phase	Baseline (Sept 2017)	Target (Dec 2018)	Means of Verification
		Planned	a) DAEs assisted generally through readiness programme b) Number of DAE projects for Board's consideration: 14, incl. 2 EDA proposals (including those presented at B.18) c) DAE work programmes in initial iteration	a) At least 15 DAEs designated for enhanced strategic engagement b) 8 high-quality DAE projects (incl. 6 EDA proposals) c) DAE work programmes contain related projects and are forward-looking	1. Review of reports on targeted country work and list of projects for Board's consideration 2. Quality factors to include # of related proposals came from CNs, that were included in country programmes and entity work programmes 3. Review of DAE work programmes 4. Ratio of Board submissions reviewed by the Secretariat
Estimated FTE		Direct: 2			

Output KPI 1.3	IAE engagement initiatives (DCP, DMA, PSF)	Phase	Baseline (Sept 2017)	Target (Dec 2018)	Means of Verification
		Planned	a) General support to all AEs b) Low baseline for country programmes	a) Enhanced engagement with at least 10 IAEs b) Higher alignment to national priorities	1. Review of IAE work programmes and related country programmes/projects submissions 2. Mapping of IAE projects and country programmes 3. Enhanced partnership with DAE
Estimated FTE		Direct: 4.5			

Output KPI	Description	Phase	Baseline (Sept 2017)		Target (Dec 2018)		Means of Verification
			Planned	Estimated FTE	Planned	Estimated FTE	
Output KPI 1.4	Country engagement initiative (DCP, DMA, PSF)	Planned	a) Country programme and additional support given to countries that request assistance b) Low number of high-quality country programmes		a) Enhanced and coordinate engagement with at least 20 countries in 2018 b) 10 country programmes which are climate-focused and have gone through national consultation processes		1. Review of country programmes and listed project ideas of countries targeted through the initiative
		Estimated FTE	Direct: 7				
Output KPI 1.5	Web portal initiative (DCP, DMA, PSF, DSS, Communications)	Planned	Initial demo to be shared with the Board at B.18		Operation of web portals for all GCF countries and AEs in 2018 enabling them access to up-to-date information		1. Review of numbers and content of web portals on 31/12/2018
		Estimated FTE	Direct: 3				
Output KPI 1.6	Increased number of approved projects that have negotiated AMAs and FAAs and begin 1st disbursement; Increased total aggregate disbursements on approved projects (PSF, DMA, OGC, ORMC, DSS, DCP)	Planned	a) Number of proposals with negotiated AMAs and FAAs and begun disbursements: 17 b) Projected 2017 aggregate disbursement of USD 230m on proposals approved through B.16		a) 35 out of 45 b) GCF accumulated aggregate disbursement of USD 750m-837m on proposals approved through B.16		1. Evaluation of project and disbursement data at the end of 2018
		Estimated FTE	Direct: 24				
Output KPI 1.7	Review of proposal submissions; Increased number and volume of FPs (DCP, DMA, PSF, OGC, ORMC, DSS)	Planned	a) Number of FPs sent to and reviewed by the Secretariat: 74 (in current pipeline; cumul) b) Number of proposals for Board's approval: 26 c) Volume: USD1.3b		a) Number of FPs sent to and reviewed by the Secretariat: 185 (cumul) b) Number of proposals for Board's approval: 40-55 c) Volume: USD2.2-2.8b		1. Evaluation of project and disbursement data at the end of 2018 2. Analysis of projects approved by the Board in 2018
		Estimated FTE	Direct: 63				
Output KPI 1.8	Enhanced efficiency in the time for processing PPF requests; Increased number of requests processed and disbursements (DCP, DMA, PSF)	Planned	a) Processing time of PPF requests: 6 months from PPF submission to disbursement b) Number of PPF requests: 3 requests approved/endorsed c) Volume of PPF requests: USD 2.7 m approved/endorsed		a) Processing time of PPF requests: 3 months from PPF submission to disbursement b) Number of PPF requests: 30-40 approved/endorsed c) Volume of PPF requests: USD 14-15 million approved/endorsed		1. Evaluation of PPF data on dates of submission, review process milestones, and disbursement 2. Evaluation of numbers of approvals and disbursements
		Estimated FTE	Direct: 3				

		Phase	Baseline (Sept 2017)	Target (Dec 2018)	Means of Verification
Output KPI 1.9	Complementarity and coherence framework (OSB, DMA, PSF, CPD)	Planned	a) Number of countries engaged in promoting coherence amongst climate finance delivery channels at the national programming level: 0 b) Number of CNs and FPs with consideration of complementarity with other climate finance: 0	a) 10 b) 10	1. Report on progress made and outputs from the operational framework on complementarity and coherence 2. Outcomes and updates related to complementarity and coherence in the report of the COP to UNFCCC
		Estimated FTE	Direct: 3		
Output KPI 1.10	Policy support to the Board (Dependant on policy being considered)	Planned	Over 40 policy documents requested in 2017 Board work plan; Over 55 policy documents expected in 2018 Board work plan; Limited number of Secretariat papers produce Board decisions	Provide priority policy documents at least 3 weeks before each BM; Support the Board in document prioritization; Increase percentage of work prior to BM to enhance understanding of the related proposed actions in order to increase the percentage of documents generating Board decisions.	1. Discussions with Co-Chairs team on support given 2. Monitoring the number of policy documents prepared, sent to the Co-Chairs, sent to the Board, and the number that generate Board decisions
		Estimated FTE	Direct: 2		
Private Sector Facility Division					
Relevant cross-cutting KPI					
Output KPI 1.1	Review of concept notes (DMA, PSF, DCP)	Planned	a) Number of CNs reviewed: 109 (in current pipeline; cumul)	a) Number of CNs reviewed: 220-250 (incl. up to 150 related to the GCF pilot programme RFPs) - while promoting use of new CN template	1. Template available on website; concept note work analyzed.
		Estimated FTE	Direct: Part of Output KPI 1.7		
Output KPI 1.2	Enhanced capacity of a targeted group of DAEs and support their development of high-quality DAE proposals and aligned work programmes (DCP, DMA, PSF)	Planned	a) DAEs assisted generally through readiness programme b) Number of DAE projects for Board's consideration: 14 , incl. 2 EDA proposals (including those presented at B.18) c) DAE work programmes in initial iteration	a) At least 15 DAEs designated for enhanced strategic engagement b) 8 high-quality DAE projects (incl. 6 EDA proposals) c) DAE work programmes contain related projects and are forward-looking	1. Review of reports on targeted country work and list of projects for Board's consideration 2. Quality factors to include # of related proposals came from CNs, that were included in country programmes and entity work programmes 3. Review of DAE work programmes
		Estimated FTE	Direct: 2		4. Ratio of Board submissions reviewed by the Secretariat

Output KPI	Description	Phase	Baseline (Sept 2017)		Target (Dec 2018)		Means of Verification
			a)	b)	a)	b)	
Output KPI 1.3	IAE engagement initiatives (DCP, DMA, PSF)	Planned	a) General support to all AEs	b) Low baseline for country programmes	a) Enhanced engagement with at least 10 IAEs	b) Higher alignment to national priorities	1. Review of IAE work programmes and related country programmes/projects submissions 2. Mapping of IAE projects and country programmes 3. Enhanced partnership with DAE
		Estimated FTE	Direct: 4.5				
Output KPI 1.4	Country engagement initiative (DCP, DMA, PSF)	Planned	a) Country programme and additional support given to countries that request assistance	b) Low number of high-quality country programmes	a) Enhanced and coordinate engagement with at least 20 countries in 2018	b) 10 country programmes which are climate-focused and have gone through national consultation processes	1. Review of country programmes and listed project ideas of countries targeted through the initiative
		Estimated FTE	Direct: 7				
Output KPI 1.5	Web portal initiative (DCP, DMA, PSF, DSS, Communications)	Planned	Initial demo to be shared with the Board at B.18		Operation of web portals for all GCF countries and AEs in 2018 enabling them access to up-to-date information		1. Review of numbers and content of web portals on 31/12/2018
		Estimated FTE	Direct: 3				
Output KPI 1.6	Increased number of approved projects that have negotiated AMAs and FAAs and begin 1st disbursement; Increased total aggregate disbursements on approved projects (PSF, DMA, OGC, ORMC, DSS, DCP)	Planned	a) Number of proposals with negotiated AMAs and FAAs and begun disbursements: 17	b) Projected 2017 aggregate disbursement of USD 230m on proposals approved through B.16	a) 35 out of 45	b) GCF accumulated aggregate disbursement of USD 750m-837m on proposals approved through B.16	1. Evaluation of project and disbursement data at the end of 2018
		Estimated FTE	Direct: 24				
Output KPI 1.7	Review of proposal submissions; Increased number and volume of FPs (DCP, DMA, PSF, OGC, ORMC, DSS)	Planned	a) Number of FPs sent to and reviewed by the Secretariat: 74 (in current pipeline; cumul)	b) Number of proposals for Board's approval: 26	a) Number of FPs sent to and reviewed by the Secretariat: 185 (cumul)	b) Number of proposals for Board's approval: 40-55	1. Evaluation of project and disbursement data at the end of 2018 2. Analysis of projects approved by the Board in 2018
		Estimated FTE	c) Volume: USD1.3b	c) Volume: USD2.2-2.8b	Direct: 63		

		Phase	Baseline (Sept 2017)	Target (Dec 2018)	Means of Verification
Output KPI 1.8	Enhanced efficiency in the time for processing PPF requests; Increased number of requests processed and disbursements (DCP, DMA, PSF)	Planned	a) Processing time of PPF requests: 6 months from PPF submission to disbursement b) Number of PPF requests: 3 requests approved/endorsed c) Volume of PPF requests: USD 2.7 m approved/endorsed	a) Processing time of PPF requests: 3 months from PPF submission to disbursement b) Number of PPF requests: 30-40 approved/endorsed c) Volume of PPF requests: USD 14-15 million approved/endorsed	1. Evaluation of PPF data on dates of submission, review process milestones, and disbursement 2. Evaluation of numbers of approvals and disbursements
		Estimated FTE	Direct: 3		
Output KPI 1.9	Complementarity and coherence framework (OSB, DMA, PSF, CPD)	Planned	a) Number of countries engaged in promoting coherence amongst climate finance delivery channels at the national programming level: 0 b) Number of CNs and FPs with consideration of complementarity with other climate finance: 0 c) Number of country-driven readiness and other preparatory support requests with consideration of complementarity with other climate finance delivery channels: 0	a) 10 b) 10 c) 10	1. Report on progress made and outputs from the operational framework on complementarity and coherence 2. Outcomes and updates related to complementarity and coherence in the report of the COP to UNFCCC
		Estimated FTE	Direct: 3		
Output KPI 1.10	Policy support to the Board (Dependant on policy being considered)	Planned	Over 40 policy documents requested in 2017 Board work plan; Over 55 policy documents expected in 2018 Board work plan; Limited number of Secretariat papers produce Board decisions	Provide priority policy documents at least 3 weeks before each BM; Support the Board in document prioritization; Increase percentage of work prior to BM to enhance understanding of the related proposed actions in order to increase the percentage of documents generating Board decisions.	1. Discussions with Co-Chairs team on support given 2. Monitoring the number of policy documents prepared, sent to the Co-Chairs, sent to the Board, and the number that generate Board decisions
		Estimated FTE	Direct: 2		

Support Services Division

Output 9: Meet strategic plan goal of having a "well-staffed Secretariat that can deliver all of its functions as provided in the GI"; Superior efficiencies and impactfulness stemming from smart systems; Support to the Board "to agree on the arrangements for the first formal replenishment process of the GCF"; cross-cutting KPIs

Assumptions:

1. Geopolitical environment and economic circumstances continue to be favorable to GCF's mandate and does not negatively affect recruitment trends
2. Benefitting business units dedicate the required extent of quality personnel and time to the success of the envisioned undertakings

Output KPI 9.1	Hiring target	Phase	Baseline (Sept 2017)	Target (Dec 2018)	Means of Verification
		Planned	a) Staff members: 140 (by Oct 2017)	a) Staff members: 250	
		Estimated FTE	Direct: 8		

1. Staff members under contract and/or accepted offers of employment verified on 31/12/2018

Output KPI 9.2	ICT initiatives	Phase	Baseline (Sept 2017)	Target (Dec 2018)	Means of Verification
		Planned	a) Advanced analytics & KM: 25% of daily work benefitting from data analytics b) Digitisation: 20% BP coverage c) Org Performance Management: 10% of desirable information and workflows included d) Documents/records handling: 20% of file-based information classified with meta data e) HR system: 10% of desirable HR automation f) Financial systems: 40% of articulated medium-term needs covered g) Board Decisions Tracking Tool: 60% of articulated medium-term needs covered h) e-Procurement Portal: 0% of BP integration and workflow automation of medium-term nature i) Travel management system: 30% of specified medium-term automation implemented j) Relationship management: 20% of relationship mngt found system, tool, automation support k) GRC tools: 30% of systems/tools coverage for medium-term needs l) Professional case-handling: 10% of medium-term automation needs of IUs	a) 50% b) 40% c) 75% d) 75% e) 85% f) 80% g) 80% h) 80% i) 70% j) 50% k) 70% l) 60%	
		Estimated FTE	Direct: 8		

1. Confirmation by benefitting GCF business unit about extent of need coverage. Eventual complementary assessment by a third party.

Output KPI 9.3	Replenishment	Phase	Baseline (Sept 2017)	Target (Dec 2018)	Means of Verification
		Planned	Board document "Arrangements for the first formal replenishment of the GCF" presented at B.11 - under consultation	Preparation of communications pieces that can be used to initiate effective replenishment activities when directed by the Board	
		Estimated FTE	Direct: 4		

Evaluation by Co-Chairs team

Relevant cross-cutting KPI					
Output KPI	Description	Phase	Baseline (Sept 2017)	Target (Dec 2018)	Means of Verification
		Planned	Initial demo to be shared with the Board at B.18	Operation of web portals for all GCF countries and AEs in 2018 enabling them access to up-to-date information	
Output KPI 1.5	Web portal initiative (DCP, DMA, PSF, DSS, Communications)	Estimated FTE	Direct: 3		
Output KPI	Description	Phase	Baseline (Sept 2017)	Target (Dec 2018)	Means of Verification
		Planned	a) Number of proposals with negotiated AMAs and FAAs and begun disbursements: 17 b) Projected 2017 aggregate disbursement of USD 230m on proposals approved through B.16	a) 35 out of 45 b) GCF accumulated aggregate disbursement of USD 750m-837m on proposals approved through B.16	
Output KPI 1.6	Increased number of approved projects that have negotiated AMAs and FAAs and begin 1st disbursement; Increased total aggregate disbursements on approved projects (PSF, DMA, OGC, ORMC, DSS, DCP)	Estimated FTE	Direct: 24		
Output KPI	Description	Phase	Baseline (Sept 2017)	Target (Dec 2018)	Means of Verification
		Planned	a) Number of FPs sent to and reviewed by the Secretariat: 74 (in current pipeline; cumul) b) Number of proposals for Board's approval: 26 c) Volume: USD1.3b	a) Number of FPs sent to and reviewed by the Secretariat: 185 (cumul) b) Number of proposals for Board's approval: 40-55 c) Volume: USD2.2-2.8b	
Output KPI 1.7	Review of proposal submissions; Increased number and volume of FPs (DCP, DMA, PSF, OGC, ORMC, DSS)	Estimated FTE	Direct: 63		
Output KPI	Description	Phase	Baseline (Sept 2017)	Target (Dec 2018)	Means of Verification
		Planned	Over 40 policy documents requested in 2017 Board work plan; Over 55 policy documents expected in 2018 Board work plan; Limited number of Secretariat papers produce Board decisions	Provide priority policy documents at least 3 weeks before each BM; Support the Board in document prioritization; Increase percentage of work prior to BM to enhance understanding of the related proposed actions in order to increase the percentage of documents generating Board decisions.	
Output KPI 1.10	Policy support to the Board (Dependant on policy being considered)	Estimated FTE	Direct: 2		