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# Report on the activities of the Secretariat

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## **Summary**

This report provides an update on the progress made with regards to the activities of the Secretariat. The reporting period is from 11 June to 8 September 2017. The document summarizes the activities of the Secretariat based on the information provided in the work programme of the Secretariat adopted by the Board at its sixteenth meeting.

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## I. Introduction

1. The report on the activities of the Secretariat provides an update on the progress made by the Secretariat in implementing its Work Programme for 2017, approved by the Board at its sixteenth meeting (B.16).<sup>1</sup> Focus is given to progress on key priority initiatives identified in the work programme. The reporting period is from 11 June to 8 September 2017.
2. The work programme of the Secretariat identifies five overarching goals to help to guide the work of the Secretariat for 2017:
  - (a) To finalize as many accreditation master agreements (AMAs) and funded activity agreements (FAAs) as possible;
  - (b) To work to operationalize the procedures to initiate a proactive and strategic approach to country programming that would result in an increased pipeline of quality proposals;
  - (c) To further strengthen the accredited entity (AE) work programme process;
  - (d) To build and deploy a Secretariat staff of sufficient size, talent and global reach; and
  - (e) To support the Board in implementing any decisions related to arrangements for the initiation of the replenishment process and the selection of a Permanent Trustee.
3. Details of work under each of the five focus areas are provided in the relevant sections below. In summary, over the reporting period the Secretariat has:
  - (a) Begun implementing decisions taken at B.17 on streamlining the project approval process, in order to submit quality public and private sector funding proposals for Board consideration at B.18, and improve the timeliness of consideration of funding proposals;
  - (b) Finalized a total of 33 AMAs (including 21 with direct access-accredited entities) and 19 FAAs<sup>2</sup>, with USD 54.7 million of project funding disbursed as at 8 September;
  - (c) Implemented measures to systematize and improve the readiness proposal review and approval cycle, with a total of 123 readiness support requests now approved for 88 countries at a value of USD 39.5 million, and a total of over USD 10.3 million disbursed; and received 31 PPF requests, out of which three have been approved or endorsed;
  - (d) Progressed engagement to strengthen readiness, direct access, country and AE work programming, and develop and implement a pipeline of quality proposals; including through ED and cross-Divisional missions to 11 countries, Structured Dialogues for the Caribbean and the Pacific, and identifying opportunities to build pipeline quality by strengthening the quality of the readiness programme and upstream engagement with NDAs and AEs;
  - (e) Begun review of over 350 concept notes received in response to the Request for Proposals (RFP) on mobilizing funds at scale, and worked to finalize the draft RFP for the pilot programme for REDD-plus results-based payments;
  - (f) Advanced work on policy issues and Board-mandated tasks, including the GCF's Indigenous, ESMS and Gender Policies, risk management and compliance framework, AML and CFT policy, interim restructuring and cancellation policy, options for a Simplified Approval Process, mapping of eligibility and selection criteria, options to enhance peer-to-peer collaboration between NDAs and direct access entities, and a review of the terms and conditions of the GCF financial instruments and interim fee

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<sup>1</sup> Decision B.16/01.

<sup>2</sup> 20 FAAs for 19 projects.

- policy; and launched the GCF/UN Women gender and climate change manual titled “Mainstreaming Gender in Green Climate Fund Projects”;
- (g) Submitted the GCF’s sixth report to the Conference of the Parties and deepened engagement with the United Nations Framework Convention on Climate Change (UNFCCC) and its thematic bodies through a retreat between the UNFCCC and GCF Secretariats and engagement with UNFCCC thematic bodies and other climate finance delivery channels;
  - (h) Continued to pursue agreements on privileges and immunities as a matter of priority;
  - (i) Continued to build the Secretariat’s capabilities, strengthen its operations and improve workflow, through: recruitment of staff to key positions, including the Director of Country Programming and Strategic Planning Manager; release of the GCF Country and AE Portals, version 1.0, initially available for internal access to Secretariat staff members; development of the GCF business continuity plan including operationalization of the Emergency Evacuation Plan; internal audits of CPD and DMA; and progressing a review to inform Secretariat structure, capacity, work planning and budget for 2018.

## II. Activities of the Secretariat during the reporting period

### 2.1 Progress on matters related to the Office of the Executive Director

4. Priority initiatives in 2017 for the Office of the Executive Director include the following:

- (a) To obtain the Board’s approval for a staffing level and structure;
- (b) To oversee the recruitment and maintenance of the workforce required;
- (c) To effectively integrate newly hired management and staff into a cohesive GCF team by advancing a culture of productivity, empowerment and entrepreneurship;
- (d) To establish new Secretariat teams to facilitate the timely resolution of policy issues;
- (e) To reach an agreement with the Board on dynamic processes for establishing priorities and enhancing the quality and timeliness of Secretariat documentation; and
- (f) To represent the Secretariat in relevant international outreach activities.

5. **Secretariat staffing levels, structure and capabilities.** The Secretariat continued to build toward the approved staffing level of 140, while reviewing the capabilities needed to progress the GCF Strategic Plan into 2018 and beyond. Workload over the reporting period demonstrated that executing core business (providing readiness and programming support, reviewing funding proposals, implementing funded activities, supporting Board processes and key stakeholder relationships, consolidating Secretariat operations) continued to stretch Secretariat capabilities when progressed in parallel with other essential work on outstanding policy gaps, Board-mandated tasks, implementing a more proactive and strategic approach to planning and pipeline development, and improving communications.

6. Since 11 June 2017, 32 international and administrative staff have signed contracts with the Secretariat. This includes hires to fill the key positions of Director of Country Programming and Strategic Planning Manager. The Secretariat is continuing recruitment, with a prioritization on urgent posts that are crucial to deliver the mandates of the Fund. A promotions panel was convened to encourage retention of staff talent.

7. Consulting firm Dalberg finalized its independent evaluation of capacity and structural changes needed to accelerate the capacity of the Secretariat. Dalberg conducted three inter-

divisional workshops to review the mapping of key processes of the funded project life cycle, review the methodology of capacity projections and discuss ways in which the Secretariat could facilitate better inter-divisional collaboration. Following these meetings, Dalberg met with the Senior Management Team (SMT) to share key findings. This work informed SMT discussions and recommendations to the Board as presented in the document GCF/B.18/10 titled “Structure and staffing of the Secretariat”. In parallel, under the leadership of the Executive Director (ED), GCF staff were engaged in a series of meetings, policy discussions and informal events to foster cohesiveness and encourage ideas to strengthen GCF performance.

8. **International outreach.** The Executive Director (ED) represented the Secretariat at a series of international events to deepen NDA and AE engagement and build the profile of the GCF. These included missions to Vietnam, China and India, and attending the Pacific Structured Dialogue in Tonga in July. In August, the ED participated in Stockholm World Water Week to cultivate expert exchange and pipeline development in the water sector, particularly around potential private sector engagement in adaptation, and to launch the GCF/UN Women Gender and Climate Change Toolkit. The ED also received numerous missions from country governments, AEs and other stakeholders at the GCF headquarters in Songdo.

## 2.2 Progress on matters related to Communications and Outreach

9. Communications is a core function of the Secretariat that cuts across all operational areas of the Fund. During the reporting period, continued progress was recorded in communicating the Fund’s operations and the scale-up and implementation of its activities and programmes. Additional efforts were deployed to make GCF processes and procedures more comprehensible and accessible to partners and the public, and to increase the frequency of news and stories. Some highlights include:

10. **Clarifying GCF processes.** A significant undertaking in 2017 has been the development and launch of the ‘GCF 101’, an online guide providing an easy to use and comprehensive road map about the Fund. This cross-Secretariat initiative explains the different funding opportunities GCF provides to help developing countries access its resources. Feedback from NDAs, AEs, GCF Board Members and other key partners has been positive. As a ‘living’ communications tool, further changes to the guide are underway to reflect updates to processes.

11. **Investing into web architecture.** The Secretariat restructured the main navigation of the Fund’s website to provide an improved user experience to partners. All content on the GCF website is accessible through a single main menu. It also offers a new universal search function. In addition, the Secretariat launched the ‘GCF Library’ ahead of B.17 to provide GCF partners with a searchable repository for all key GCF documentation, including Board documentation, as well as policies, forms and other information tools. This involved working closely with Divisions/Offices to harmonize documentation presentation and to develop a standardized classification system for documents such as NDA and Accredited Entity nomination letters.

12. **Expanding web and social communications.** Since the start of 2017, more than 80 web updates have been published on the GCF website to announce key developments, activities and milestones, paired with a further expansion of the Fund’s social media presence. On average, the Secretariat posts 3 substantive news updates every week. In February, the Fund’s Twitter account marked 10,000 followers, underlining the growing importance of this channel to reach a broad spectrum of GCF supporters. Five months later, the number of subscribers has increased by more than 30 percent, to 13,000. Interest in the Fund is growing organically, i.e. without the use of social media bots.

13. **Profiling GCF partners.** Through the ‘GCF Spotlight’ interview series, the Secretariat highlights the work of NDAs and Accredited Entities. Interviewees share insight about their

climate action priorities, opportunities, challenges as well as reflections on their respective roles. This platform helps generate awareness of GCF's partners and provides an opportunity for NDAs and AEs to communicate their priorities and plans. An additional six NDAs (Afghanistan, Côte d'Ivoire, Liberia, Mali, Tunisia, Zambia) and three AEs (CABEI, NEMA, XacBank) have been featured over the reporting period.

14. **Promoting GCF Structured Dialogues.** In support of GCF Structured Dialogues, communication plans are deployed to generate awareness of these events aimed at strengthening the Fund's presence in regions and countries. For the 2017 GCF Structured Dialogues with Asia, the Caribbean and the Pacific, as well as the Regional Workshop with Eastern Europe and Central Asia, strategic communication activities helped create visibility and inform stakeholders of GCF progress. The Communications and Outreach Team worked closely with the Country Programming Division (CPD) to create dedicated event web pages to provide participants with a one-stop location for materials, as well as to publish a series of web updates before, during and after the dialogues. For the Pacific Dialogue, a media plan was deployed featuring a GCF editorial as well as interviews to communicate outcomes of the Tonga meeting.

15. **Strengthening country communications.** Producing tailored communication products for NDAs and AEs remain an important function of the Secretariat. Two DCP-led communication platforms – 'Country Connections' and 'Partner Entities Update' – continue to provide NDAs and AEs, respectively, with regular updates on GCF operations and events. During the reporting report, five such updates were disseminated to NDAs and AEs, including shortly after B.16 and B.17 to provide summaries of Board decisions and other outcomes. In addition, 'About GCF' presentations were developed in English, French and Spanish and shared with all NDAs and AEs to support them in communicating the Fund amongst their national and regional partners.

16. Also, the team produced a series of publications, all in printed format, including a revised version of GCF INSIGHT, the organizational information brochure, the Fund's first Gender Toolkit, a dedicated publication on GCF's Private Sector Facility, as well as a brochure on the Independent Evaluation Unit.

17. **Reaching out to (prospective) partners.** Following the Board decision to actively promote GCF's Request for Proposals for Mobilizing Funds at Scale, the Secretariat mounted its first proper advertisement campaign. In close cooperation with PSF, the Communications and Outreach Team conceived, developed and rolled-out the communications strategy and campaign for this RfP (details indicated in the PSF section above). The campaign was fully created in-house, at zero additional cost to the Fund, thereby enabling the Secretariat to allocate the entire budget for this project into highly targeted advertisement activities. The significant response rate to this RfP speaks to the success of the approach that was chosen.

18. Looking ahead, the Communications and Outreach Team plans to establish staff capacity and engage external service providers for the production of professional footage on the Fund's projects and programmes.

## 2.3 Progress on matters related to the Country Programming Division

19. Priority initiatives in 2017 for the Country Programming Division (CPD) include:

- (a) Enabling the initiation of country programme development in countries where work has not yet started, and assisting an additional 20 countries in reaching their programme completion;
- (b) Supporting AEs in the development of their entity work programmes;
- (c) Expediting the implementation of readiness support for direct access entities through

- assistance and peer-to-peer collaboration;
- (d) Effectively implementing a schedule of intake for readiness support requests and deadlines for action on those requests;
  - (e) Effectively implementing a new web-based system to increase the ease and effectiveness of applying for and tracking readiness activities;
  - (f) Supporting and participating in country multi-stakeholder dialogues in at least 40 countries;
  - (g) Supporting and participating in at least six regional Structured Dialogues: successfully held two regional Structured Dialogues;
  - (h) Developing the GCF environmental and social management system;
  - (i) Conducting the review of the Gender Policy and Action Plan; and
  - (j) Preparing and presenting for the Board's consideration an Indigenous Peoples Policy.

20. **Readiness.** As of 8 September 2017, the Secretariat approved approximately 123 readiness support requests for 88 countries, valued at an estimated USD 39.5 million. It disbursed USD 6.9 million for 35 approved readiness activities in 2017, bringing the total number of readiness disbursements to USD 10.3 million. CPD has also effectively implemented a submission and review schedule that has helped to systematize and control the readiness proposal review and approval cycle.

**Table 1: Submitted readiness proposals since January 2017**

Readiness activities	Number of requests
Adaptation planning/programming	29
National designated authority support, including the development of country programmes	51
Strategic frameworks for GCF programming including mandates from B.14 on REDD-plus and technology	26
Support to direct access entities	21
Structured Dialogues and other knowledge-sharing/learning activities	5
Total	132

21. **Country programmes.** The Secretariat is working with 107 countries on the development of their country programmes. At B.17, two countries, Antigua and Barbuda and Zambia, have officially submitted their country programmes. An additional 42 countries have also submitted and endorsed their country programme briefs for sharing with the Board and the Secretariat and another 63 are in draft form.

22. **Entity work programmes and support for direct access.** The Secretariat is also working with all the AEs on the development of their entity work programmes. These are being updated on a bi-annual basis at the beginning of the first and third quarter of the year. So far, 23 Direct Access Entities and 21 International Entities have submitted their entity work programmes to the Board and Secretariat. The Secretariat is also engaging the four Direct Access Entities and two international entities accredited at B.17 in their initial stages of post accreditation process (including Accreditation Master Agreement and pipeline development through their Entity Work Programme). Lastly, the Secretariat has continued supporting the direct access entities by providing in-kind and readiness support.

23. **Structured Dialogues.** Building on the earlier experience, the Secretariat has continued with the planning and implementation of a series of regional Structured Dialogues. A Structured Dialogue for countries in the Caribbean region was organized on 19-22 June 2017 in Placencia, Belize. It was attended by nearly 90 participants representing 14 countries, Accredited Entities and several observer institutions. The importance of country ownership and collaboration with the GCF were bolstered by the attendance of six ministers from the region. Participants reviewed the country priorities and areas for collaboration, and emphasized the need for adaptation and mitigation projects based on the Caribbean context.
24. A Structured Dialogue for countries in the Pacific was organized on 18-22 July 2017 in Tongatapu, Tonga. It was attended by over 140 participants representing 13 countries, implementing partners, private sector companies and civil society organizations based in the Pacific. Nine Ministers from the region attended the high-level segment, with discussions focusing on building climate resilience and tapping the potential of renewable energy and energy efficiency in the region. The dialogue allowed to further strengthen the countries' engagement with the GCF and review the progress of the Pacific Roadmap and key areas for future focus. Countries requested that the GCF accelerate its support for country programmes, consider a simplified approval process for SIDS and strengthen its regional presence.
25. Structured Dialogues for the Latin American and African regions are being planned for the second half of 2017.
26. **Accreditation.** The Secretariat has continued to review applications for accreditation, in line with the Board's decision to prioritize certain types of entities in 2017.<sup>3</sup> As of 8 September 2017, one private sector direct access-accredited entity had requested an upgrade in its accreditation scope, and 14 new entities had concluded the Stage I institutional assessment and completeness check and were under review by the Accreditation Panel in Stage II (Step 1). Of the 14, 11 are direct access entities and three are international access entities. Three of the new entities are private sector entities, two of which are direct access. More information on the status of accreditation proposals, entities presented for consideration by the Board and the status of accreditation conditions is presented in document GCF/B.18/09 titled "Consideration of accreditation proposals."
27. **Readiness Coordination Mechanism.** The Secretariat facilitates a global Readiness Coordination Mechanism (RCM) for partners independently providing GCF readiness support to maximize coordination, lesson learning and harmonized approaches.<sup>4</sup> A key RCM update is that procurement of a Training of Trainers approach for NDA strengthening in partnership with GIZ is underway. The initiative is due to begin work in September 2017 on the development of modules for NDA capacity building and experience sharing. Once developed, modules will be made available online to all NDAs and rolled out through six regional trainings for NDAs featuring south-south exchanges.
28. **Environmental and Social Management System.** The draft of the proposed GCF Environmental and Social Management System (ESMS), and the environmental and social policy reflecting the inputs received from a second round of public consultations, has been presented to the Accreditation Committee. The draft has been finalized and will be presented for the Board's consideration.
29. **Indigenous Peoples Policy.** The Secretariat published on 11 July 2017 a public call for inputs inviting submissions on a draft indigenous peoples policy with the aim of soliciting

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<sup>3</sup> Decision B.14/08.

<sup>4</sup> The institutions participating in this group include the African Development Bank, the Climate Technology Centre and Network, the Commonwealth Secretariat, FAO, GIZ, KfW (Kreditanstalt fuer Wiederaufbau), UNEP, UNDP and the World Resources Institute. Other bilateral and multilateral agencies also participate occasionally in meetings in an observer capacity.



feedback and recommendations to improve the draft policy. By the close of submission on 24 August 2017, the Secretariat had received 45 submissions from members and alternate members of the Board, accredited entities (AEs), national designated authorities (NDAs)/focal points, civil society organizations (CSOs) including indigenous peoples organizations, and other stakeholders. The submissions were collated and will be published on the GCF website. The submissions provided substantial inputs for improving the draft indigenous peoples policy. The inputs were varied; however, these also presented convergent views particularly on the principles that will define and guide how the draft policy will be implemented, the roles and responsibilities of the GCF, AEs and National Designated Authorities/Focal Points, and the general requirements for implementing the draft policy.

30. The draft indigenous peoples policy aims to put in place a process and requirements for ensuring that activities of the GCF are developed and implemented in such a way that fosters full respect for and the active protection and promotion of indigenous peoples' dignity, rights, identity, aspirations, natural-resource based livelihoods, autonomy, protagonism and cultural uniqueness. The draft policy aims to assist the GCF in incorporating considerations related to indigenous peoples into its decision-making while working towards the goals of climate change mitigation and adaptation. The policy allows the GCF to examine, control, eliminate and reduce the adverse impacts of its activities on indigenous peoples in a consistent way and to improve outcomes over time.

31. The draft policy recognizes that indigenous peoples have identities and aspirations that are distinct from mainstream groups in national societies and are often disadvantaged by traditional models of mitigation, adaptation and development. The scope and applicability of the policy cover all GCF-financed activities and indigenous peoples as commonly characterized and defined by various institutions. The draft policy also contains the guiding principles that build upon existing and/or proposed policies and frameworks of the GCF and the commitments that will guide how the policy will be implemented. The development of the policy has been guided, as relevant, by the principles set forth in the United Nations Declaration on the Rights of Indigenous Peoples, International Labour Organization Convention 169 and the International Covenant on Economic, Social and Cultural Rights and the International Convention on the Elimination of All Forms of Racial Discrimination. This policy has been developed with the participation and consent of a wide range of indigenous peoples organizations.

32. The elements of the draft policy will be integrated with other policies and frameworks, particularly the ESMS, gender policy and REDD-plus, and will be utilized across the organization of the GCF. Additional work to finalize the draft indigenous peoples policy is being carried out by the Secretariat, particularly on its integration with the existing and/or proposed policies and frameworks.

33. **Progress on matters related to gender.** Following the adoption of the Gender Policy and Action Plan of the Green Climate Fund in 2015, gender considerations have been put in place in many areas of the Fund's work. Furthermore, the GCF's actions in the implementation of the Strategic Plan followed careful consideration of gender, wherever applicable. In particular, the following activities have been undertaken by the Secretariat with regard to gender mainstreaming:

- a) At the portfolio level, the Secretariat is proactively reviewing concept notes and funding proposals from a gender perspective, and ensures that gender and social assessments are undertaken by accredited entities as part of project appraisal, in line with the GCF Gender Policy and Action Plan. To date, 84 per cent of approved funding proposals contained a gender assessment. The Secretariat introduced innovative gender mainstreaming design features like project-level gender action plans which has helped to, as per the strategies outlined in the Gender Policy and Action Plan: a) identify specific gender elements that need to be included in project activities, and b) determine how the

project/programme can respond to the needs of women and men from vulnerable communities in view of the specific climate change issue to be addressed. To date, 67 per cent of all the approved funding proposals contained project-level gender action plans. Even though the submission of project-level gender action plans is not a mandatory requirement as per the GCF's Gender Policy, but rather a design tool that was introduced later, there has been a significant increase in the number of entities who have prepared project-level gender action plans;

- b) In terms of readiness and project development, gender-related activities are being integrated into the Readiness and Preparatory Support Programme with resources dedicated to national designated authorities to develop participatory and inclusive strategies, enhance multi-stakeholder processes, especially at the grassroots level, ensure the involvement of women-led organizations and representatives from indigenous peoples organizations in consultations, conduct gender-sensitive stakeholder consultations and analysis, and develop gender-responsive country programmes;
- c) The GCF recently recruited a senior gender consultant who is currently helping GCF in the preparation of the updated Gender Policy and Action Plan, based on feedback received from Board members, Secretariat staff, NDAs, AEs, active observers and CSO groups. The updated Gender Policy and Action Plan will be presented for the Board's consideration and approval; and
- d) In partnership with UN Women, the Secretariat developed its first ever training manual which focuses on gender and climate change. The manual has now been finalized and is print ready. The manual was launched by the Executive Director at the Stockholm World Water Week. Gender capacity development programs focused on climate change (especially through webinars) have been held for direct access entities, NDAs and FPs. The GCF shared its experience and technical inputs with the UNFCCC Secretariat in its efforts to develop a gender action plan to assist parties to the Convention to implement gender-related decisions and mandates under the UNFCCC process.

## 2.4 Progress on matters related to the Division of Mitigation and Adaptation

34. Priority initiatives in of 2017 for the Division of Mitigation and Adaptation (DMA) include:

- (a) Facilitating the finalization of as many funded activity agreements (FAAs) as possible to enable disbursements and the implementation of projects that have been approved prior to B.16;
- (b) Reviewing and facilitating the submission to the Board of 20 or more new public-sector projects;
- (c) Enhancing M&A sector expert engagement with countries and AEs for the preparation of high-quality, high-impact, transformational projects; and
- (d) Assigning a Senior Specialist to support the enhancing direct access pilots and provide direct support to countries, NDAs and direct access entities in the development of high-quality pilot funding proposals.

35. **FAAs.** Since October 2016, DMA and the Office of the General Counsel (OGC) have been working together with the Finance Team and the Portfolio Management Team on the FAAs negotiations, proceeding in the following order of priority:

- (a) FPs with AEs who have signed an AMA with the GCF;
- (b) FPs from B.11 (i.e. dating back from November 2015);
- (c) Non-B.11 FPs in order of deadlines for FAA execution; and
- (d) Non-B.11 FPs in order of Board meetings when under the same deadline for FAA execution.

36. As at 8 September 2017, 16 FAAs for public sector projects have been executed and become effective. The status of the FAAs negotiations is shown in table 2 below.

**Table 2: Progress with public sector FAAs**

<b>Post Approval Stage</b>	<b>Number</b>
Funding proposals with pending AMA signing	7
Funding proposals with pending AMA effectiveness	5
Funding proposals under FAA negotiation and/or preparation	4
Funding proposals pending FAA effectiveness	0
Funding proposals pending disbursement	5
Funding proposals disbursed and under implementation	11
<b>Total</b>	<b>32</b>

37. As of 8 September 2017, the Secretariat has disbursed USD 28.2 million for 10 public sector projects. Five projects are on target to fulfil the conditions precedent to the first disbursement. More information on the status of approved funding proposals and the attached conditions can be found in document GCF/B.18/08 titled “Report on post-approval status of approved funding proposals”.

38. **Review and submission of funding proposals.** Thirteen public sector proposals have been reviewed and are ready for submission to the Board at B.18. These proposals request USD 454.6 million from the GCF while leveraging USD 1.2 billion in co-financing.

39. **Engagement with countries and direct access entities on strategic pipeline development and project preparation.** DMA in coordination with CPD, is working closely with a number of countries to support readiness, pipeline development and project preparation. Most of these countries have direct national and/or regional access entities. Both divisions have agreed to work closely with a number of countries and direct access entities to support them in increasing their capacities to develop their country programmes and related funding proposals. This includes at the Caribbean and Pacific Structured Dialogues and missions to five countries, including Micronesia (Federated States of), the Philippines, Namibia, Kenya and Peru. In addition, DMA has engaged, over the reporting period, with five international access entities including ADB, FAO, WFP, IFAD and UNEP to support more strategic pipeline development reflected in their entity work programmes. Focal points in both divisions have been assigned to coordinate and define the approach as initial lessons learned are generated.

40. **Development of policy documents.** For B.17, DMA developed a number of policy documents, including the review of the initial proposal approval process, strategic programming priorities, status of the implementation of conditions, and the report on the pipeline and portfolio. For B18, in addition to the status of the pipeline and portfolio and the status of the implementation of the conditions report, DMA is also working on an interim restructuring policy; an analysis of GCF policies in relation to REDD+, the REDD+ scorecard and the RFP; and a simplified approach to proposals. To enhance country-led programming by identifying the needs and priorities, DMA and CPD also provided an analysis of country and entity work programmes, and EDA modality.

## 2.5 Progress on matters related to the Private Sector Facility

41. Priority initiatives in 2017 for the Private Sector Facility (PSF) include the following:
42. **Mapping a Strategic Roadmap and developing a Business Plan**, comprising:
  - (a) Supply-side analysis on country needs. This includes mapping the entire climate-finance flows and architecture to determine the areas where the GCF can be unique and complementary in engaging private sector players, catalytic in funding pilot programmes, and mobilizing additional capital resources;
  - (b) Demand-side analysis by working with CPD and engaging NDAs and FPs at the national level for existing business lines of PSF. This will enhance our engagement and map areas of focus with AEs and prospective AEs for accreditation. The analysis should also include private-public partnerships (PPP), best practices of the private sector and PPP models, and the areas the GCF can enhance south-south contribution in the climate space;
  - (c) Business plan development, which includes various scenarios with metrics of deliverables, re-affirmation of structure and staff resources required. The generation of several projection scenarios will assume different investment volumes, products and services, prioritizing sustainable, high impact, and paradigm-shifting projects that are in line with the national priorities and country ownership; and
  - (d) The Secretariat is aiming to advertise a request for proposals to hire a consulting firm by September 2017 to support with mapping the strategic roadmap and business plan development.
43. PSF is striving to increase the capacity of the team by recruiting highly qualified staff and retaining its existing talented team, including:
  - (a) Rewarding staff loyalty, develop career plans and provide core training programs for current PSF staff;
  - (b) Recruiting a highly qualified team, focusing on the following expertise: private-public partnerships, private equity, venture capital and financial institutions;
  - (c) Recruiting most of the senior talents, which will be completed by the first quarter of 2018; and
  - (d) Organizing the team to maximize impact – to expand PSF programming to meet the needs of the developing countries as per the country programmes.
44. **Projects and programmes:** in addition to further implementation of pilot programmes on micro-, small- and medium-sized enterprises (MSME) and mobilizing funds at scale, the priorities are:
  - (a) To take a key role in finalizing outstanding AMAs with private sector-accredited entities while maintaining focus on signing FAAs and disbursements on private-sector projects and programmes approved before 2017 in the range of USD 100-150 million;
  - (b) To work closely with AEs to ensure the proper implementation of the already-approved, private-sector projects. The goal is to enable initial implementation of five to seven of the already-approved projects; and
  - (c) To facilitate the review of, add value to and create quality engagement with AEs to ensure submission to the Board of new private sector projects (up to 12

projects or more) and/or programmes that meet country needs first and adhere to GCF policies and guidelines.

45. PSF is working closely with CPD and DMA to develop a simplified concept note, AE portal, NDA portal and concept note, and funding proposal submission portal as per the Board's decision from B.17.

46. **Funded activity agreements.** As of 8 September 2017, a total of 11 private sector FPs were approved by the Board.

- (a) Four have AMAs and FAAs executed (FP005 by Acumen, FP028 by XacBank<sup>4</sup> and FP039 by European Bank for Reconstruction and Development), which accounts for 17 per cent (USD 199.7 million) of the approved projects;
- (b) Two are currently under preparation (FP025 and FP029 by DBSA), which accounts for 33 per cent (USD 390.2 million) of the approved projects;
- (c) Two are waiting for the AMA to be effective (FP017 by CAF and FP027 by Deutsche Bank), which accounts for 11 per cent (USD 129 million) of the approved projects; and
- (d) Two are waiting for the AMA (FP006 and FP030 by Inter-American Development Bank, FP026 by Conservation International and FP026 and FP038 by European Investment Bank) to be executed, which accounts for 39 per cent (USD 473.5 million) of the approved projects. The table below provides a summary.

**Table 3: Summary of private sector funded activity agreements**

Approved projects and the status of FAA	Number	GCF requested amount (USD Million)	Total %
Approved projects with AMA and FAA	4 <sup>5</sup>	199.7	17%
Approved projects with AMA & FAA under negotiation	2	390.2	33%
Approved projects with AMA awaiting to be effective	2	129	11%
Approved projects without AMA	4	473.5	39%
Total	12 <sup>5</sup>	1,192.4	100%

47. **Disbursements:** The total amount of disbursements for private-sector projects by the end of 2017 is expected to be around USD 97.9 million.

**Table 4: Disbursements for private sector projects**

<b>Total amounts disbursed</b>	USD 26.4 million
<b>Amounts to be disbursed by end of September 2017</b>	USD 60.4 million
<b>Amounts to be disbursed by end of December 2017</b>	USD 11.1 million
<b>Cumulative amounts for disbursements by December 2017</b>	USD 97.9 million

- (a) USD 6,427,001 equity for Acumen Fund's KawiSafi Venture Fund (FP005) has been requested and disbursed cumulatively. In addition, the total of USD 0.4 million is expected to be disbursed by the end of September 2017;
- (b) USD 20 million (USD 0.5 million grant and USD 19.5 million loan) for XacBank business loan programme for greenhouse gas emission reduction (FP028) has been requested and disbursed. The GCF also has received an interest payment of USD 33,744 on 31 July 2017 from XacBank for the duration of a 32-day interest period. The interest payment will be received every six months and the principal

<sup>5</sup> While there is a total of 11 private sector FPs approved by the Board, FP028 (XacBank Mongolia) comprises two FAAs for grant and loan components.

amount will be paid on the maturity date;

- (c) USD 60 million grant and loan for EBRD-Egypt Renewable Energy Financing Framework (FP039) is expected to be disbursed by end of September 2017; and
- (d) More information on the status of approved funding proposals and the attached conditions can be found in the document “Status of the fulfilment of conditions associated with the approval of relevant funding proposals”.

48. **Review and submission of funding proposals.** During the reporting period, three private sector proposals have been reviewed and presented to the independent Technical Advisory Panel for their recommendation to the Board. These proposals expect USD 139.53 million from the GCF while leveraging USD 733.43 million in co-financing.

49. **Communications.** PSF has undertaken the following activities for communications:

- (a) PSF has been working with the Communications team to develop a brochure which clearly explains PSF and its operations. The brochure will be available in hard copy and on the website by the end of September;
- (b) PSF has been mandated to develop and initiate the implementation of a strategic outreach plan to draw in new private-sector actors and AEs in climate projects. PSF will support the Private Sector Advisory Group (PSAG) to present a recommendation on the development of a private-sector outreach plan in 2018;
- (c) PSF is contributing to develop a tailored strategy for communication and engagement with AEs and countries (including their local private sector) designed to support the submission of high-quality, high-impact, transformational private-sector projects; and
- (d) PSF has undertaken several promotional activities to raise awareness about the request for proposals for Mobilizing Funds at Scale among prospective private-sector organizations since its launch. The activities include the development of a micro website and promotional video, advertising through local and international mainstream media, and promotion at GCF events and staff missions.

50. **Outreach.** PSF has undertaken the following outreach as part of a Secretariat-wide effort:

- (a) PSF is working closely with CPD to increase the number of private-sector direct access entities (local and international) operating in developing countries:
  - (i) Participating at Structured Dialogue events to engage with direct access entities and NDAs on private-sector investment;
  - (ii) A CPD- and PSF-joint mission to India, Bhutan and Bangladesh took place between May and June for pipeline discussions with direct access entities. Four to five concept notes and funding proposals are expected to be submitted in the next 12 months;
  - (iii) PSF has been visiting and engaging with AEs, potential AEs, intermediaries and NDAs in Africa, Europe, Asia and LAC to discuss potential pipelines, identify areas where the private sector is needed, and discuss and ensure that projects in the pipeline are aligned with the countries’ national priorities and country ownership. PSF has engaged with the AEs at an early stage to discuss concepts and ideas which result in the improvement of the project. PSF will support AEs and NDAs to ensure the concept notes and funding proposals are included in the Country Programme and Entity Work Programme; and

- (iv) PSF is currently focusing on engagement with private-sector entities in the Asia-Pacific and Eastern Europe regions for accreditation and potential pipeline discussions in line with the Board's prioritized regions for 2017.

51. **Support of Private Sector Advisory Group (PSAG):** PSF has been providing logistical support for and participating in its virtual and physical meetings, as well as advancing its recommendations to the Board. PSF has also been working to support the Advisory Group's recommendations on the development of modalities to support activities enabling private sector involvement in the Least Developed Countries and Small Island Developing States, and opportunities to engage the private sector, including local actors, in adaptation action at the national, regional and international levels document. To achieve this, PSF has worked closely with CPD to conduct research and collect information on the needs of the countries. This research included an online survey to NDAs and focal points which will be served as background information for the PSAG's recommendations.

52. **Micro-, Small- and Medium-sized Enterprises (MSMEs) programme.** The Board, in decision B.13/22, paragraph (c), requested that the Secretariat issue the request for proposals to solicit responses from AEs and potential AEs in order to provide financial solutions to MSMEs in support of mitigation and adaptation activities in developing countries. The Board approved two projects for GCF funding of USD 32 million at B.15. The Secretariat is presenting one funding proposal for the Board's consideration at B.18. On closing the first pilot programme, the total portfolio of the first pilot is expected to comprise up to five MSME proposals within the envelope of USD 100 million as decided by the Board. Building on the lessons learned from the first pilot, the second pilot programme is expected to be launched after B.19.

53. **Request for proposals for Mobilizing Funds at Scale.** The Board, in decision B.16/03, paragraph (a), requested that the Secretariat issue the Request for Proposals (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 RFP was closed on 30 August 2017 and received around 350 concept notes.

54. The Secretariat has undertaken several promotional activities to raise awareness about this RFP among prospective private sector organizations since its launch:

- (a) The RFP microsite has received over 13,000 visits since its launch, 7,100 page views over one week, with over 30 per cent of views from developing countries.
- (b) The Secretariat also received over 200 emails and 150 phone calls for enquiries. The questions received about the RFP and the Secretariat's answers have been anonymized and uploaded on the website and updated regularly;<sup>6</sup>
- (c) A promotional video on the RFP was hosted on the website;
- (d) The RFP was presented and promoted during official missions, including the Structured Dialogues;
- (e) Detailed information on the RFP was sent to NDAs and focal points as well as the diplomatic missions in Korea; and
- (f) The RFP was published on various local and international mainstream media as well as in leading business newspapers: Business Day, a national daily

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<sup>6</sup> Q&A page of the Mobilizing Funds at Scale RFP Website:  
[http://www.greenclimate.fund/documents/20182/730867/Q\\_A\\_-\\_Mobilizing\\_Funds\\_at\\_Scale.pdf/697ead2f-384a-44c3-9c47-02c5920471c7](http://www.greenclimate.fund/documents/20182/730867/Q_A_-_Mobilizing_Funds_at_Scale.pdf/697ead2f-384a-44c3-9c47-02c5920471c7).

newspaper in South Africa (Jeune Afrique), the Economist, Financial Times, Environmental Finance webpage, Arab Finance webpage and Climate Home. The campaign on Climate Home received 685,000 unique visitors with more than 50 per cent of readers from developing countries.

55. The Secretariat has sought to engage an external consulting firm to support the review process, in case the number of concept notes received is greater than 50 concept notes.

56. After the initial review by PSF specialists, an evaluation committee composed of specialists from CPD, DMA, Finance and PSF will review the submitted concept notes. The concept notes submitted in response to this RFP will be scored against predetermined criteria. 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.

57. **Development of policy documents.** PSF has been working closely with DMA to provide inputs on policy documents, including Proposed Interim Cancellation, Waiver, Change and Restructuring.

## 2.6 Progress on matters related to the Division of Support Services

58. The CFO and Division of Support Services has been undertaking a number of 2017 priority initiatives that are essential for advancing the effective operation of the GCF in the area of resource management and administration. Progress updates are outlined in the following paragraphs by functions.

59. **Portfolio Management Unit (PMU).** Created and established by the CFO/DSS in January 2017, PMU has been actively engaging with operational and functional divisions to identify and carry out its roles of monitoring the implementation of the approved projects and programmes and the management of the disbursement process after the first disbursement.

60. The unit is still expanding to properly conduct the aforementioned roles as well as monitoring and evaluation in the larger sense of the role, including performance against investment criteria.

61. For subsequent disbursements, PMU has processed two second disbursements for the Readiness Programme (USD 184,000), one second disbursement for the Project Preparation Facility (USD 720,000), and one fourth disbursement for Funded Activities (USD 467,000). The Unit has liaised with divisions/offices across the Secretariat to create and manage the procedure for subsequent disbursements, preparation of relevant documentation and ascertaining and validating approval authority.

62. For the Readiness Programme, there have been 11 grants with contractual issues since the beginning of 2017. Four grants had their grant term expire: two of them proceeded to submission of completion reports while the other two requested no-cost extensions that are being addressed by PMU. There are seven grants with delays in reporting and six of those have fulfilled all or part of their past due reporting requirement.

63. Two completion reports together with audited financial reports are received from regular readiness grants and the first portfolio reports were received from UNDP and UNEP, both of which are delivery partners under the Framework Agreement with the GCF.

64. PMU has revised the reporting template of the project progress report developed for the Readiness Programme by including an implementation timetable (Gantt chart) that specifies milestones and deliverables for each activity under the outcomes addressed in the Country Readiness Logical Framework.



65. Comments and assessment findings for nine funding proposals that were formally handed over from DMA have been provided.
66. PMU managed XacBank's first interest payment to the GCF in the absence of procedure for reflows.
67. While monitoring projects and programmes under implementation, PMU identified gaps in Administrative Instructions and initiated drafting guidelines and procedures for: (i) a no-cost extension, (ii) an interest payment and reflow procedure, and (iii) a co-financing operational procedure.
68. PMU has developed a draft Operations Manual for the Funded Project Lifecycle. This "living" document will: (i) provide guidance and support for Secretariat staff as they manage the phases in the lifecycle of funded activities; (ii) serve as a training resource for new staff; and (iii) empower employees with regards to the specific tasks that their roles entail and the extent of their responsibilities.
69. In conjunction with the development of the Operations Manual, business process maps were created for 20 of the processes involved in the Funded Project lifecycle from initiation through to monitoring and evaluation.
70. PMU is in the process of defining its roles and responsibilities with regards to the project and portfolio level monitoring of financial reports that are to be submitted by AEs and DPs as part of project implementation.
71. **Treasury.** The Treasury function of the Secretariat encompasses managing asset and liability more efficiently, implementing and managing a strong cash-flow management system, proposing a new FX hedging strategy, and managing cash investment portfolio.
72. In the area of Treasury, the Secretariat will undertake a number of 2017 and 2018 priority of initiatives that are essential for protecting assets of the GCF and increasing investment return of cash position. The following priority initiatives will be completed throughout 2017 and 2018:
- (a) Development of a new cash investment portfolio to increase investment return and to reduce risk;
  - (b) Proposal of a new FX hedging risk strategy to reduce the risk of FX conversion effect; and
  - (c) Completion of building and customizing a new cash-flow management system in the GCF.
73. **Information and communication technology.** The Integrated Portfolio Management System (IPMS) has reached the stage of covering a wide range of aspects required for the Fund's internal knowledge management concerning projects. This includes analysis and display of reference data from the underlying business processes, and comprises project lifecycles, key dates, conditions of approved projects, disbursements, AMA status, related accreditation conditions of AEs, etc.
74. Work for gradually establishing dedicated, knowledge management and collaboration portals for the wide range of Fund-related needs of NDAs, AEs and Board membership is progressing. Having demonstrated prototype versions during the B.18 week and received feedback, it is currently foreseen that first versions of NDA and AE portals will be launched soon after. A considerable extension of functionality coverage, including case information submission and update, is to be achieved by first quarter of 2018.
75. Specific to the handling of Readiness Requests: online forms were readied up for introduction during the second quarter of 2017 as an additional channel for receiving requests

(besides by emails). The Secretariat looks forward to a new version of the NDA portal in early 2018, which will provide a new direct data intake channel that is less prone to human mistakes than the current process of email exchanges. In the meantime, workflow automation for the Secretariat processing of Readiness Requests is progressing.

76. Efforts for planning and implementing the Fund's Board Decision Tracker are beginning to pay off. Usage has meanwhile been extended to all Secretariat units, giving staff the chance to more efficiently carry out pending tasks and deliverables. Based on usage feedback during the coming months, the next version is scheduled for earlier 2018.

77. The Secretariat is in the process of phased implementation of an Organisational Performance Management System, starting with aspects of strategy implementation evidenced by key performance indicators and its related financials and respective balanced scorecards. Internal usage of these first components is expected to begin as early as September 2017.

78. Work for implementing the GCF cloud-based HR systems is progressing on schedule, with core HR records administration, a recruitment portal and on-boarding automation expected for go live within weeks.

79. The implementation part of the GCF procurement portal project was reached in August. After work completion by the end of 2017, it is expected to broaden the range of interested suppliers/service providers and enhance predictability and turnaround times for the Secretariat's internal procurement services.

80. The GCF Contribution Management System project has entered the implementation stage. Once fully in place during the fourth quarter of 2017, it will allow the Secretariat to better monitor the funds-flows and the ongoing balance with the GCF Trust account.

81. **Procurement.** Procurement Planning has been introduced and a corporate procurement plan was prepared as a start up with more efforts to follow going forward. The 2018 Procurement Planning process starts in November 2017.

82. Both "Standard Bidding" documents and "Standard Operating Procedures" are already in final draft pending approval of revised procurement guidelines.

83. **Finance.** As part of the Secretariat's second-level assessment of the funding proposals, the Finance team has completed the financial management assessment of all the funding proposals presented/to be presented to the Board in 2017.

84. The Finance team has been working together with the DMA, Office of the General Counsel (OGC) and the Portfolio Management Team on the FAAs negotiations. The team is also working with the OGC and CPD in the negotiation of the AMAs.

85. As part of the Readiness Working Group, the Finance team will keep on working with the CPD and OGC in the analysis of the Readiness, NAPs and PPF proposals.

86. Once the Board approves the new fees policy, the Finance team will be involved in socializing the policy to the AEs/Readiness delivery partners and will continue to support them on various aspects of the policy.

87. The pace of disbursement increased during the first part of 2017. The GCF has disbursed USD 51.6 million to finance approved funding proposals, USD 5.6 million in Readiness grants, USD 0.7 million for PPF, and USD 1.3 million for NAPs grants during the period from 1 January to 31 August 2017.

88. **Administrative budget.** The draft 2018 GCF Administrative Budget was developed in collaboration with the relevant divisions/offices of the Secretariat, and is based on their proposed activities for 2018 and estimates provided by the interim trustee. The Secretariat's Senior Management Team (SMT) played a strong challenge function when reviewing individual

divisional/office budgets. The budget was also reviewed by the Budget Committee and incorporates their feedback. It will be considered by the Board at B.18.

89. **Other administrative matters.** The GCF Business Continuity Plan has been completed and submitted to the Secretariat SMT for approval. A GCF evacuation plan has also been finalized. In September 2017, the evacuation plan was operationalized, which includes:

- (a) Determination of the current security level;
- (b) Nominations for the Crisis Management Team, core team, evacuation coordinator and evacuation wardens;
- (c) Determination of evacuation key locations; and
- (d) Preparation of the Evacuation Tool including checklists and training schedule.

90. Two additional floors (14th and 17th) have been renovated in headquarters at the G-Tower in Songdo and are now occupied. In addition, the 12th floor has been redesigned.

91. **Human Resources (HR).** In the area of HR management, the Secretariat identified a number of priority initiatives expected to be completed by the end of 2017, including the following:

- (a) Finalizing and, where warranted, facilitating the implementation of procedures for internal promotions and pay progression;
- (b) Extending and approving selected staff benefits that support staff retention;
- (c) Finalizing development and initiating the implementation of a training and learning strategy for enhanced professional development; and
- (d) Increasing the promotion of the Secretariat's family support group and employment assistance provided to spouses.

92. In addition to working to hire and maintain essential human resource talent, DSS will complete at least the following two priority HR-system-related initiatives by the end of 2017:

- (a) Executing the first application of the Secretariat's new performance management system and consequent performance pay; and
- (b) Developing and applying new information technology solutions to support recruitment and HR administration.

93. **Talent management and staff promotions.** Since 11 June, 32 staff have been recruited, bringing the total workforce at the Secretariat to 134. Following on from the first round of the Performance Management and Development System and subsequent merit pay increments, an additional process has been developed to allow the Secretariat to recognize and reward high performers. A Promotion Panel has been created to consider upgrading staff who are currently working, or have the potential to work, beyond their current level. As well as recognizing and rewarding achievements, these additional opportunities for promotion are likely to help retain valuable staff members. The proposed revision of the HR Policies contains many initiatives designed to improve the attractiveness of the GCF as an employer; attracting new staff and helping to retain existing staff members. The development of IT systems to support HR functions, now predominantly paper based, are under development and are expected to be launched in October 2017.

94. **Staff retention and family support initiatives.** 32 staff have been recently recruited, however three staff have also resigned, so there is a constant focus on reducing the turnover in staff in the Secretariat. The opportunity to develop professional skills and careers is a key support to staff retention. This year, for the first time, managers have been allocated a budget to support the learning and training activities of their staff. Based on this budget and their agreed

development plan, individual staff are attending training sessions, conferences and academic courses. Spouse employment is also a key factor in staff retention. Therefore, a consultant has been hired to provide a very personalized job-seeking service to spouses and other family members of staff in Songdo. The objective is to help all those who want to work (or volunteer) to find suitable opportunities. The project includes the development of a job board which will help share information about opportunities across the community. The City of Incheon continues to provide their much-appreciated Welcome Package to all new staff and their families.

95. **Resource mobilization.** As at 30 June 2017, a total of approximately USD 10.1 billion equivalent of contributions, USD 4.2 billion equivalent is available, of which USD 2.7 billion equivalent had been received as cash and USD 1.5 billion equivalent as promissory notes. Cumulative funding decisions as at 30 June 2017 (net of cancellations for administrative budget under expenditures in prior years) amounted to USD 2.4 billion. As at 30 June 2017, the total balances available for future commitments amounted to USD 1.8 billion.

96. **Permanent Trustee.** Following decision B.16/12 on the competitive selection process for the Permanent Trustee, the Secretariat has been working with the Ad Hoc Trustee Selection Committee to finalize the terms of reference and the competitive selection process.

97. **Policies for contribution from other alternative sources.** Under Decision B.16/01, Work Programme of the Secretariat for 2017 and the adjusted administrative budget, the Secretariat will seek to develop the policies and procedures for contributions from philanthropic foundations and other non-public and alternative sources to the Initial Resource Mobilization process, through a Request for Proposal (RFP) procedure.

98. **Security and health issues in Songdo.** The GCF has signed a contract with International SOS to provide worldwide advice on security and health. In addition, the Secretariat is finalising an agreement with the United Nations Department of Safety & Security for the GCF to become a member of the Saving Lives Together Framework.

99. The Secretariat commissioned a study on air quality in the office and are currently implementing a series of recommendations aimed at improving the air quality.

## 2.7 Progress on matters related to the Office of the General Counsel

100. The Office of the General Counsel (OGC) is leading the Secretariat's efforts to negotiate and sign as many AMAs and FAAs as possible in order to facilitate the initiation of disbursements and the implementation of already approved projects. Additional priority initiatives that OGC will strive to complete in 2017 including the following:

- (a) Making significant progress on getting privileges and immunities for the GCF in all countries, either through bilateral agreements, multilateral agreements or investigating linkage with the United Nations;
- (b) Preparing fiduciary guidelines, instructions and policies on conflict of interest, harassment, gifts and entertainment, staff bill of rights and staff vetting;
- (c) Developing a case-management system ensuring the proper administration of new matters and tracking progress;
- (d) Preparing a document clarifying the hierarchy of GCF legal norms (e.g. the Governing Instrument for the GCF, Board decisions, administrative instructions issued by the Executive Director, guidance, etc.); and
- (e) Developing short-form procurement contract templates for low-value procurements.

101. **AMAs and FAAs.** Progress on AMAs and FAAs are a core priority for OGC. As at 8 September 2017, the Secretariat had signed 31 AMAs with AEs and had reached an agreed text with a further 2 AEs,<sup>7</sup> which together represent 61 per cent of all entities accredited by the Board. Negotiations with the other 22 entities accredited by the Board are ongoing and are at different stages of progress. The status of such AMAs is set out in a separate document GCF/B.18/Inf.01, “Status of accreditation master agreements and funded activity agreements”. With regards to FAAs, good progress has been made, for which OGC shares responsibility with DMA and PSF. Further details are set out in the sections of this report relating to DMA and PSF.

102. **Privileges and immunities.** Progress on bilateral agreements on the privileges and immunities of the GCF are the second core priority for OGC. The Secretariat is actively pursuing negotiations with both developed and developing countries, namely officials of Parties to the UNFCCC, during meetings and conferences. As at 8 September 2017, the Secretariat had sent draft agreements on the privileges and immunities of the GCF to a cumulative total of 121 countries. To date, 13 bilateral privileges and immunities agreements have been signed. These are with Antigua and Barbuda, Belize, Cook Islands, Honduras, Kiribati, Micronesia (Federated States of), Namibia, Papua New Guinea, Samoa, Solomon Islands, Tonga, Vanuatu and Zambia.

103. While progress has been made, the Secretariat notes with concern that further and sustained efforts are required to ensure that the GCF is covered by privileges and immunities as envisaged by its Governing Instrument. Negotiations on bilateral agreements with Parties to the UNFCCC will continue. However, in addition, the Secretariat intends to propose offering Parties to the UNFCCC the alternative option of entering into a multilateral agreement that will in substance follow the template agreement on the privileges and immunities of the GCF, which has been developed by the Secretariat.

104. The Secretariat has also requested from the Presidency of the Conference of the Parties (COP) an update on the status of a request made by the Board in its 2014 report to the COP. The 2014 request asks the COP to consider establishing an institutional linkage between the United Nations and the GCF to enable the GCF to be covered by the Convention on the Privileges and Immunities of the United Nations.<sup>8</sup> The Secretariat understands that no consensus has been reached by the COP on the Board’s request.

105. The Secretariat would like to renew its request for the support and cooperation of all Parties to the UNFCCC so that either a multilateral agreement or a bilateral agreement on the privileges and immunities of the GCF may be entered as soon as possible. The Secretariat wishes to stress in this context that unless swift and decisive efforts are undertaken to ensure that the GCF is covered by privileges and immunities, the institution may be exposed to litigation and other risks. This could have an adverse impact on the ability of the GCF to effectively and independently perform its functions and to operationalize its activities, including the ability of the Independent Integrity Unit and the Independent Redress Mechanism to carry out in-country investigations.

106. **Fiduciary policies.** As noted in the report on the activities of the Secretariat submitted to the Board for B.17, a number of priority initiatives set out in para 99(b) above have been transferred to the Compliance unit (i.e. those related to gifts and entertainment and staff vetting). With regards to the others, OGC will continue to work on these over the coming months.

107. **Clarifying the hierarchy of legal norms.** OGC is working with other divisions to finalize the administrative instruction on the hierarchy of legal norms applicable to the GCF.

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<sup>7</sup> One of the AMAs with agreed text still require the clearance of the risk management committee which will be sought prior to the Board meeting.

<sup>8</sup> UNFCCC/CP/2014/8.

108. **Short-form procurement contract templates.** To improve the efficiency of the legal review of procurement contracts, OGC has led an initiative to simplify the legal review process which should once fully implemented significantly reduce contract processing times. In parallel, OGC will work with Procurement to identify where other efficiencies can be made; for example, by developing short-form procurement templates to use for low-value procurements, if necessary.

109. **Development of policy documents.** While there are no stand-alone legal policy documents which require development pursuant to a Board mandate, OGC has been actively supporting the development of the GCF interim restructuring and cancellation policy and the REDD-plus results-based payment draft request for payments and underlying legal analysis. Both of these documents are expected to be presented to the Board at B.18.

## 2.8 Progress on matters related to the activities of the Office of the Secretary to the Board

110. Priority initiatives for the Office of the Secretary of the Board (OSB) during the reporting period include the following:

- (a) Providing efficient support to the Board;
- (b) Facilitating the GCF response to COP guidance and the GCF engagement with the COP, its constituted bodies and in the wider climate policy landscape;
- (c) Supporting the engagement of observer organizations with the GCF;
- (d) Facilitating and monitoring the implementation of the Information Disclosure policy.

111. **Supporting the Board.** OSB supported the Co-Chairs with developing the tentative agenda for B.18, and with the proposed work plan of the Board for 2018.

112. Jointly with DSS and OED, OSB engaged with representatives of the Islamic Republic of Egypt to conclude the memorandum of understanding for hosting B.18, and conducted a scoping mission to Egypt prior to the Board meeting. The B.18 notification and logistics note were issued after the visit.

113. OSB coordinated the process to publish B.18 documentation and provided editorial support. The searchable database to facilitate access to Board decisions (Board decision tracker) was launched and opened for use within the Secretariat. The decision tracker will continue to undergo improvements to enhance its usability and usefulness.

114. **Guidance from the Conference of the Parties.** In accordance with UNFCCC decisions 7/CP.20, paragraph 23 and 7/CP.20, paragraph 20, and GCF Board decisions B.15/03, paragraph (h) and B.17/03, OSB supported the Co-Chairs to finalise the Sixth Report of the GCF to the UNFCCC COP, including the second biennial report on privileges and immunities to the GCF. The Secretariat assisted the Co-Chairs to finalize the “Sixth Report of the Green Climate Fund to the Conference of the Parties to the United Nations Framework Convention on Climate Change”. The report took into consideration the comments made and decisions taken at B.17, and reflected the state of affairs as at 31 July 2017. The report was submitted to the UNFCCC Secretariat on 11 August 2017, 12 weeks prior to the twenty-third session of the COP to the UNFCCC, in accordance with UNFCCC decision 7/CP.20, paragraph 23.

115. In line with decision B.13/12 and the Governing Instrument, and in response to the “Operational Framework on Complementarity and Coherence” approved by the Board through decision B.17/04, the Secretariat has begun identifying activities to implement in the short term for the remainder of 2017. The Secretariat is considering how to comprehensively incorporate

matters related to complementarity and coherence into the 2018 work plan. Externally, the Secretariat has continued consultations with the Global Environment Facility (GEF), the Adaptation Fund (AF), and the Climate Investment Funds, in order to progress complementarity and coherence actions in 2017.

116. **Engagement with thematic bodies of the UNFCCC.** In line with decision B.13/11, where the Board requested the Secretariat strengthen its approach to engaging with the thematic bodies, OSB has led engagement with a number of technical bodies.

117. The Secretariat further strengthened the interaction with the Least Developed Countries Expert Group (LEG) on various fronts. During two UNFCCC/LEG Regional Training Workshops on NAPs, 13-16 June in Manila, the Philippines, and 10-13 July in Nadi, Fiji, the Secretariat gave formal presentations on accessing GCF resources for adaptation planning support. In further engagements with the LEG, during the thirty-second meeting of the LEG in Haiti, 7-10 August, OSB represented the Secretariat in order to provide updates regarding LDC-relevant work streams, which include readiness and adaptation planning support from the GCF to LDCs.

118. Throughout the reporting period, the Secretariat has been providing inputs to the Standing Committee on Finance (SCF) in relation to the Sixth Review on the Financial Mechanism. The Sixth Review will be presented at COP23. OSB is leading efforts to provide timely and up-to-date information and data on GCF operations and governance issues, among other items.

119. **Engagement with other climate finance delivery channels.** The Secretariat participated in an AF event in Costa Rica, 26-28 July. The “Climate Finance Readiness Seminar for National Implementing Entities (NIEs) #4” provided the Secretariat with an opportunity to inform participants of the GCF fast-track accreditation process for AF-accredited entities. OSB represented the Secretariat and further liaised with the AF on a wider range of issues relating to complementarity and coherence.

120. The Secretariat welcomed staff of the Nationally Appropriate Mitigation Actions Facility during the week of 14 August hosting technical meetings to increase mutual awareness and identify areas of common cause. The two-day event allowed the staff from each organization to develop ideas for taking forward programmatic approaches and strengthening country ownership of funding proposals.

121. **Engagement with the Technology Mechanism of the UNFCCC.** During the reporting period, the Secretariat has engaged both with the Climate Technology Centre and Network (CTCN) and with the Executive Technology Committee (TEC) regarding technology issues, including the subject of enhancing linkages as follows:

- (a) Virtual participation in the tenth meeting of the Advisory Board of the CTCN providing an update on GCF-related matters on technology;
- (b) Preparation of the GCF participation in the fifteenth meeting of the TEC to take place in Bonn, Germany, 12-15 October; and
- (c) In partnership with CTCN, a joint news update highlighting the approval of Readiness funding for CTCN led activities in Ghana, Myanmar and Tonga.

122. Relating to this, and in line with decision B.14/02, paragraph (d), the Secretariat has prepared addendum I to this report, titled “Enhancing cooperation and coherence of engagement with the Technology Executive Committee and the Climate Technology Centre and Network” (GCF/B.18/Inf.04/Add.01). The document informs the Board of further steps the Secretariat will undertake to continue enhancing GCF cooperation and coherence with the CTCN and TEC. This document also takes into account the GCF Operational Framework on complementarity and coherence and the annual event with the thematic bodies of the UNFCCC.

123. **Supporting the engagement of observer organizations with the GCF.** OSB opened the fourteenth round of applications for the accreditation of observer organizations. Based on the review of the applications received, recommendations will be presented by the Secretariat to the Board for accrediting additional observer organizations through a decision taken between meetings.
124. OSB also managed correspondence with observers and coordinated the observer registration process to enable their participation in B.18.
125. **Information Disclosure Policy.** OSB facilitated the timely disclosure of environmental and social safeguards reports of funding proposals scheduled for the Board's consideration at B.18. Six reports were submitted to the Board during the reporting period.
126. OSB also coordinated the Secretariat's responses to information requests under the Information Disclosure Policy. Three queries were responded to during the reporting period.
127. The IDP web page was updated to facilitate the publication of requests for information and related responses.
128. OSB has developed proposed modalities on the qualitative and quantitative review of the webcasting service mandated in decision B.12/35 with the intention of presenting these to the Board for its consideration. In the meantime, OSB has started to collect and analyse quantitative and qualitative data which are expected to feed into the webcasting review when it is undertaken. As per decision B.12/35, the review of the webcasting service is due for the Board's consideration no later than March 2018.
129. In collaboration with OGC, OSB contributed to resolving matters related to information disclosure that arose in the negotiation of AMAs.

## 2.9 Progress on matters related to the Office of Risk Management and Compliance

130. Priority initiatives in 2017 for the Office of Risk Management and Compliance (ORMC) include the following:
- (a) Working with a risk consulting group to support the development of an updated risk management framework which includes the following components:
- (i) Revised risk register;
  - (ii) Risk appetite statement;
  - (iii) Risk dashboard;
  - (iv) Risk guidelines for funding proposals;
  - (v) Developing and implementing initial risk rating methodologies;
  - (vi) Developing and implementing risk policies related to funding risk, investment risk and non-financial risk; and
  - (vii) Operationalizing the risk dashboard and reporting to the Board at every quarter following B.18.
131. **Capabilities:** During the reporting period, a Compliance Team Assistant joined the office to provide administrative and operational support to a growing compliance function within the ORMC. The ORMC continued to strengthen its capabilities by advancing in the recruitment process for Compliance Specialists and Associate Professionals. Offers have been made for a Compliance Specialist position and two Associate Professional positions. The



recruitment process to enhance the Secretariat's risk management and compliance capacity is still ongoing.

132. **Risk and compliance assessments and AML/CFT assessments:** The ORMC provided risk assessments for 23 funding proposals, several AMAs, and other risk-related matters.

133. **Risk management framework:** Progress has been made in the development of the risk management framework with the Board approving the first set of components of the RMF at its seventeenth meeting:

- (a) Revised risk register;
- (b) Risk dashboard;
- (c) Risk appetite statement; and
- (d) Risk guidelines for funding proposals.

134. The ORMC is continuing in the development of the second set of components with support from Oliver Wyman and have conducted regular consultations with the Risk Management Committee and relevant divisions within the Secretariat on those RMF components. The ORMC has also followed the request from the Board through decision B.17/11 to further develop the risk dashboard by creating a revised approach to country concentration reporting to be presented to the Board for its consideration at its eighteenth meeting. Furthermore, the ORMC provided informational sessions on the grant equivalent calculator to the RMC, the Senior Management Team and divisions within the Secretariat.

135. In addition, pursuant to decision B.17/11, the ORMC is also continuing the development of appropriate risk-rating models to be presented for Board consideration at B.19.

136. **Compliance:** A culture of compliance has been further promoted within the organization. Additionally, progress has also been made through the further development of the compliance framework with the ORMC procuring Oliver Wyman to provide support in the development of a compliance operating model. Improvement has also been made with the establishment of further anti-money laundering and countering the financing of terrorism (AML/CFT) controls for project-cycle related functions, especially for disbursements within the Readiness programme. The process of procuring an advanced customer due diligence software from a specialized provider to screen and automatically receive alerts on, for example, financial sanctions, Politically Exposed Persons and financial crime, including ML/FT has been initialized.

137. Finally, the compliance function within the ORMC has been working closely with the Independent Integrity Unit to develop a policy on anti-money laundering and countering the financing of terrorism (AML/CFT) to be presented to the Board for its consideration at B.18. The development of an AML/CFT standard to facilitate operationalization of the AML/CFT policy for the Secretariat is under way.

## 2.10 Progress on matters related to the Office of the Internal Auditor

138. Priority initiatives in 2017 for the Office of the Internal Auditor (OIA) include the following:

- (a) To prepare a three-year internal audit plan focusing on 2017 for the approval of the Executive Director and begin to implement the plan; and
- (b) To draft an audit manual, tools and templates and select and deploy audit software.

139. During the reporting period, OIA developed the risk-based three-year internal audit plan into a GCF official document, as requested by the Ethics & Audit Committee.

140. OIA has continued to implement the audit plan for 2017 as follows:
- (a) The audit of CPD was discussed with the Senior Management Team and an action plan developed to address the findings;
  - (b) The audit of DMA was completed and the report is being discussed with division management; and
  - (c) The audits of the HR unit within DSS and of the Financial Management unit within DSS are in progress.
141. OIA is installing audit management software (TeamMate) and is field testing its use.
142. OIA is developing an audit manual.
143. OIA is developing checklists, tools and procedures to support an internal quality assessment at the end of 2017. Some of these procedures are being integrated into TeamMate.
144. Following the training course in the previous period on systems of internal control, under the Committee of Sponsoring Organizations of the Treadway Commission (COSO), 18 members of the Secretariat have passed the online exam and are certified under the official COSO Internal Control Certificate programme.
145. OIA has made presentations to the Secretariat on the application of the COSO Framework at the GCF.
146. OIA and ORMC are analysing the findings from the course and identifying what steps need to be taken to strengthen the implementation of the COSO Framework at the GCF.
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