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Report on the activities of the Secretariat

Summary

This report provides an update on the activities of the Secretariat for the period 1 January to 30 April 2018. It summarizes progress against the overarching goals and priorities identified in the Secretariat's 2018 work programme, as well as tracking key performance indicators identified in the work programme results framework. The report includes an update on missions undertaken by the Secretariat during the reporting period.

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I. Executive summary

1.1 Introduction: Secretariat's 2018 work programme

1. This report on the activities of the Secretariat provides an update on progress made by the Secretariat in implementing its work programme for 2018, approved by the Board at its eighteenth meeting (B.18).¹ It outlines the Secretariat's progress towards the eight overarching goals as well as towards the key performance indicators (KPIs) set out in the 2018 work programme and its results framework, for the time frame 1 January to 30 April 2018.

2. The 2018 work programmes includes eight overarching Secretariat goals, which continue and expand the Secretariat's 2017 focus on implementation, while bringing in a strengthened focus on quality, support to Direct Access Entities (DAEs) and enhanced cross-Secretariat work. The overarching goals are to:

- (a) Finalize as many accreditation master agreements (AMAs), FAAs, and other required agreements as possible and maximize related disbursements, to jump start implementation of approved projects and activities and to advance work on the ground;
- (b) Continue to develop and operationalize a proactive and strategic approach to programming, including work on results area guidance, requests for proposals (RfPs), strategic country work programmes, collaborating with other funds through the operational framework on complementarity and coherence and enhancing use of regional structured dialogues to develop a robust pipeline of high-quality, high-impact, country-driven projects, increased submissions from DAEs and private sector entities;
- (c) Further strengthen the Accredited Entity (AE) work programme process, including promoting alignment with country programmes to enhance predictability 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 decisions related to arrangements for the initiation of the replenishment process and selection of the Permanent Trustee;
- (f) Improve the quality of 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.

3. The body of this report has been structured around six main themes: (1) strengthening country ownership and readiness; (2) growing a paradigm-shifting portfolio; (3) accelerating implementation and managing results; (4) supporting the Board and GCF accountability to the COP; (5) improving accessibility, complementarity and coherence; and (6) consolidating the Secretariat's capabilities, so as to draw out the interlinkages between work on the overarching goals set out above as well as progress towards the key performance indicators (KPIs) detailed in the work programme results framework. Reporting under these themes includes the

¹ Decision B.18/12

Secretariat's reflections on where it has encountered challenges or learned lessons in implementing the related goals and meeting the KPIs.

1.2 Progress on key indicators

4. The table below summarizes key indicators tracking operational progress (the first section provides funding proposal indicators and the second section other indicators):

Table 1: Summary indicators for reporting period (1 January 2018 - 30 April 2018)

Funding proposals		B.18		B.19		Target December 2018 ²	
Number of funding proposals approved (cumulative total)	Public: 40	Total: 53 ³	Public: 60 (+20)	Total: 76 (+23)	Public: 57-67 (+25-35)	Total: 83 - 98 (+40-55)	
	Private: 13		Private: 16 (+3)		Private: 26-31 (+15-20)		
Amount of funding approved (USD cumulative total)	Public: 1.32 billion	Total: 2.64 ⁴ billion	Public: 2.24 billion	Total: 3.74 billion	Public: 2.05-2.09	Total: 4.45 - 4.95	
	Private: 1.32 billion		Private: 1.50 billion		Private: 2.4 - 2.7		
Mobilizing funds at scale	No. FP	NA	0		4-7		
	Total \$	NA	0		450-500 million		
MSMEII approved	No. FP	NA	0		4-5		
	Total \$	NA	0		80-100 million		
REDD+ approved	No FP	NA	0		4		
	Total \$	NA	0		Included in public sector total		

Core indicators	B.18	B.19	End of April 2018	Target December 2018 ⁵
AMAs signed	31	41	42	-
FAAs signed	19	26 ⁶	33	-
Projects under implementation ⁷ and value ⁸ (USD)	19 (633 million)	25 (1,148 million)	26 (1,198 million)	-

² Baselines for these additional numbers are the figures as at September 2017.

³ The approval of FP029 has lapsed as of 23 October 2017.

⁴ The total funding amount approved has been changed from USD 2.65 billion to USD 2.64 billion mainly due to (i) a different exchange rate applied (EUR 1 = USD 1.19474313 from the United Nations Operational Rates of Exchange, effective as at 31 December 2017); (ii) the approval of FP029 (DBSA project) has lapsed as of 23 October 2017; and (iii) the GCF funding amount for FP035 SPREP Vanuatu has been decreased by USD 4.85 million in the FAA.

⁵ Targets indicate the cumulative amounts as well as additional numbers to the B.18 baselines.

⁶ One funding proposal has two FAAs, so the 26 signed FAAs are linked to 25 projects.

⁷ This refers to projects that have reached FAA effectiveness

⁸ The value refers to the GCF funded amount.

Projects receiving disbursements and total disbursed ⁹ (USD)		13 (60.34 million)	18 (155.04 million)	20 (166.8 million)	35 (80% projects approved before B.18) (750-837 million)				
Core indicators		B.18		B.19		End of April 2018		Target December 2018¹⁰	
Readiness	Proposals received & amount requested (million USD)	NAP:34 (92.72)	Total: 217 (150.67)	NAP:44 (121.87)	Total: 236 (194.64)	NAP:50 (135.47)	Total: 284 (221.20)	NAP: -	Total: -
		Non-NAP:18 3 (57.95)		Non-NAP: 192 (72.77)		Non-NAP: 234 (85.73)		Non-NAP -	
	Proposals approved & approved amount (million USD)	NAP:3 (8.17)	Total: 123 (39.48)	NAP: 4 (11.17)	Total: 137 (53.05)	NAP:12 (32.29)	Total: 185 (86.13)	NAP: +40 (108)	Total: 220-240 (178-188)
		Non-NAP: 120 (31.31)		Non-NAP: 133 (41.88)		Non-NAP: 173 (53.84)		Non-NAP: +60-80 (70-80)	
	Total amount disbursed (million USD)	NAP: 1.27	Total: 10.30	NAP: 1.27	Total: 12.30	NAP: 1.27	Total: 19.70	NAP: +25-30	Total: +45-55
		Non-NAP: 9.03		Non-NAP: 11.03		Non-NAP: 18.43		Non-NAP: +20-25	
Project preparation facility	Requests received & amount requested (million USD)	39 (27.43)		42 (30.69)		48 (40.49)		-	
	No. requests approved & approved amount (million USD)	3 (2.75)		3 (2.75)		8 (6.46)		33 - 43 (17-18)	
	Total amount disbursed (million USD)	1.2		1.65		2.21		11-15 (+10-14)	

⁹ The amounts include accredited entity fees.

¹⁰ Targets indicate the cumulative amounts as well as additional numbers to the B.18 baselines.

Abbreviations: B.18= Eighteenth meeting of the Board, B.19= Nineteenth meeting of the Board, FP = Funding Proposal, MSMEII = Second Phase of the Micro-, small- and medium-sized enterprise Programme, REDD = Reducing Emissions from Deforestation and Degradation, AMA = accreditation master agreement, FAA = funded activity agreement, NAP = national adaptation plan

1.3 Progress toward goals

5. **Strengthening country ownership and readiness:** The Secretariat's strengthened focus on delivery of the readiness and preparatory support programme has seen a steady increase in readiness approvals and disbursements over the first part of 2018. After delivering an initial review of the programme for B.19, the Secretariat has been working on improved guidance, templates and a Theory of Change to lift quality. Support for country programming is also delivering results: five countries now have final country programmes, and an additional eight have submitted drafts with readiness support.

6. Substantial secretariat capacity has been directed to supporting a series of regional dialogues and targeted country engagement over 2018, and revealed extensive demand for greater direct Secretariat support. Regional structured dialogues have placed a significant draw on Secretariat capacity and budget. In the absence of a dedicated regional presence, looking ahead there will be a need to further examine how the Secretariat can resource an effective balance between regional dialogues and country-specific engagement.

7. **Growing a paradigm-shifting portfolio:** In its review of funding proposals for B.19 and B.20, the Secretariat has already made significant headway towards the 2018 targets for growing the Fund's public and private sector portfolio. Measures have been put in place to lift the quality of funding proposals submitted to the Board, including early strategic review by senior management, work to strengthen climate rationale, and developing an integrated package of funding proposal policies. A dedicated team has been established to promote implementation of the simplified approval process. And continued support is being provided to support direct access entities and enhance direct access proposals in the pipeline, including contracting regional consultants to provide project preparation advice.

8. Experience to date nonetheless suggests that more time and continued investment of Secretariat support will be needed to realise a material increase in the number of direct access proposals coming to the Board, given the relative difference in starting capacity compared to international entities. Experience implementing RfPs has also shown it takes some time to develop concept notes into high quality funding proposals. A number of proposals for MFS and REDD+ are being worked on for B.21 but likely to undershoot target projections. Difficulty in navigating the current accreditation framework has also impacted the number of submissions from private sector and direct access entities under RfPs and pilot programmes.

9. **Accelerating implementation and managing results:** The Secretariat has maintained its central focus on accelerating implementation, continuing to press forward the conclusion of AMAs and FAAs and move approved projects towards implementation. With rates of disbursement governed by the specific requirements of individual projects, the Secretariat has also determined to move toward a quarterly review of disbursement projections. Current revised cumulative projections are in the range of USD 364-667M by the end of 2018, for 28 to 42 FPs representing USD 1,218 billion to USD 2,332 in GCF approved funding.

10. The Secretariat has also begun reviewing the first round of annual project performance reporting. In parallel, work is being done to further refine the GCF performance management framework and develop performance management indicators, with consideration of the approach being used by other climate funds. Following B.19 approval of further components of the Fund's risk framework, steps have also been taken to embed risk monitoring tools throughout Secretariat operations.

11. **Supporting the Board and GCF accountability to the COP:** The Secretariat has continued its efforts to provide high quality support to the Board, including transition arrangements for the new Co-Chairs and improving the timeliness of document publication for Board meetings. As mandated by the Board, the Secretariat also supported the Co-Chairs in conducting informal consultations among Board members on arrangements for the GCF first formal replenishment, and preparing for consideration of replenishment matters at B.20.
12. Over the first part of 2018, the Secretariat has continued to advance the Fund's response to COP guidance, progressing work on an RfP on technology incubators and accelerators and preparing the annual GCF report to the COP. A further dimension of this engagement has been strengthened collaboration with the UNFCCC Secretariat. Separately, since B.19 the Secretariat has supported the ad hoc Trustee Selection Committee with progressing arrangements for selection of the Permanent Trustee.
13. **Improving accessibility, complementarity and coherence:** Over the reporting period the Secretariat has taken a range of measures to improve accessibility. This has included updating the GCF website to include new information on policies, upcoming engagements, and country pages. The Secretariat also launched first versions of the NDA and AE portals in early 2018, and progressed work to formally launch the Direct Climate Action Platform. The Secretariat has initiated a series of cooperative activities with the Global Environment Facility, Adaptation Fund and Climate Investment Funds under the operational framework on complementarity and coherence, with a view to improve navigability and access for countries.
14. **Consolidating the Secretariat's capabilities:** Over early 2018 the Secretariat has made strong progress in recruiting toward its Board approved staffing level, allowing it to strengthen capabilities in underserved functions. Efforts have also been made to develop the staff onboarding mechanism, learning and development program and merit systems. Continuous steps are being taken to improve information and communications technology (ICT) and business systems. To strengthen cross-Secretariat operations and culture, the Secretariat also organised an all-staff strategy day and has advanced efforts to institute a fund-wide system for internal KPI reporting and results management.

II. Activities of the Secretariat during the reporting period

2.1 Strengthening country ownership and readiness

2.1.1 Lifting the quality of GCF support programmes

15. At B.19 the Secretariat delivered an initial review of the Readiness and Preparatory Support Programmes (Readiness Programme) with the objective of lifting quality in delivery and results. In line with this objective, since B.19 the Secretariat has engaged in inter-divisional discussions to improve guidance on the templates and the guidebook for the Readiness Programme. A proposed Theory of Change (ToC) is being incorporated as part of the added guidance to countries and delivery partners. More information is provided in document GCF/B.20/Inf.02 titled "Readiness and Preparatory Support Programme: progress report".

2.1.2 Improving delivery and predictability of readiness funding for countries

16. Overall, the first quarter of 2018 has seen a steady demand from countries for Readiness resources, as well as an uptick in readiness proposals approvals and disbursements. Detailed information on achievements, challenges faced and lessons learned, along with measures undertaken by the Secretariat to address them is contained in document GCF/B.20/Inf.02 titled "Readiness and Preparatory Support Programme: progress report".

2.1.3. Targeting country engagement for strengthened results

17. As at 30 April 2018, the Secretariat had delivered three regional structured dialogues with Latin America, Africa and Asia, organized in Colombia, Mali and Vietnam, respectively. These structured dialogues engaged cross-divisional staff in providing advice and support on the full range of GCF operations. A number of additional dialogues were in planning phase.

18. The Secretariat led enhanced and coordinated engagement through joint missions that included the Division of Mitigation and Adaptation (DMA) and the Private Sector Facility (PSF) with: Bangladesh, Cote D'Ivoire, Pakistan, Rwanda, Sri Lanka and Togo. In addition, the Secretariat was involved in nine dialogues led by national designated authorities (NDAs) and supported by GCF in the Cook Islands, the Gambia, Grenada, Kenya (two dialogues), Mongolia, Nicaragua, Tunisia and Uganda.

19. This series of country outreach has allowed the Secretariat to provide more directed support to countries on their engagement with GCF, both through the Readiness Programme, as well as on strategic pipeline development. Targeted country engagement has been very well received and demand for more direct, in-person contact with the Secretariat is constant. In the absence of a permanent regional presence, significant demands on Secretariat capacity are likely to require further consideration of how the Secretariat can deliver an effective balance between engagement through regional structured dialogues and country-specific outreach.

2.1.4. Delivering high-quality, strategic country programmes

20. The Secretariat has so far received five final Country Programmes (Zambia, Antigua & Barbuda, Rwanda, Federated States of Micronesia, Togo), with an additional eight countries (Bangladesh, Gabon, Guyana, Mali, Morocco, Pakistan, Thailand and Vanuatu) submitting draft country programmes for Secretariat feedback, as preliminary outputs of activities undertaken with GCF readiness support. In total, 77 of the countries engaged with the Secretariat have started implementing activities with a view to advancing or completing country programmes in 2018 and 2019, and twenty-two of these countries launched implementation of these activities between February 2018 and May 2018. A more detailed update is provided in document GCF/B.20/11 titled "Consolidated country and entity work programmes".

2.1.5. Building coherence between country and accredited entity work programming

21. The Secretariat is utilising engagement with both countries and accredited entities to promote greater coherence between country and accredited entity work programming. document GCF/B.20/11 titled "Consolidated country and entity work programmes" provides an overview of the status of country and entity programming with GCF today, and presents actions being taken and/or planned by the Secretariat to improve the strength of country and entity programming, based on lessons and experiences acquired so far.

2.1.6. Providing pre- and post-accreditation support for direct access entities

22. The Secretariat is continuing to support subnational, national and regional public and private sector entities seeking, or in the process of seeking, accreditation in order to ensure a balance of diversity, in accordance with decision B.09/07, paragraphs (d) and (g), and decision B.10/06, paragraph (h). This includes in-kind support, providing institutional gap assessments and action plans, the online accreditation self-assessment tool¹¹ and engaging a roster of

¹¹ The tool, developed with Deutsche Gesellschaft für Internationale Zusammenarbeit GmbH and the World Resources Institute, is available at <<https://www.greenclimate.fund/how-we-work/getting-accredited/self-assessment-tool>>.

institutions that will provide technical and capacity-building support to both applicant and accredited direct access entities (DAEs) in environmental, social and gender aspects.

23. Since 31 February 2018, an additional seven DAEs have indicated that they would need readiness support to build their institutional capacities and pipeline of projects/programmes for GCF. Beyond addressing accreditation conditions and achieving upgrades in terms of fiduciary standards and environmental and social safeguards, these support activities also aim to further develop the capacities of DAEs. Further details are contained in document GCF/B.20/13 titled “Consideration of accreditation proposals”.

2.1.7. Facilitating the accreditation of entities and managing ongoing relationships with accredited entities

24. As at 30 April 2018, 59 entities had been accredited to GCF, consisting of a balance of 32:27 (or 54 per cent:46 per cent) in the number of DAEs and international access entities accredited. An additional 79 entities had completed and submitted their applications for accreditation and were in the first stage of the accreditation process (institutional assessment and completeness check) and 24 applications were under review by the Accreditation Panel (second stage of the accreditation process). Further details are contained in document GCF/B.20/13 titled “Consideration of accreditation proposals”. The Secretariat has also strengthened the entities team and instituted a relationship management system to enhance the continuity and consistency of advice.

2.2 Growing a paradigm shifting portfolio

2.2.1. Assuring climate impact and building a strong pipeline of funding proposals for Board consideration

25. In its review of funding proposals for B.19 and B.20, the Secretariat has already made significant headway towards the 2018 work programme targets for growing the Fund’s portfolio of approved public and private sector projects. In addition to funding proposals in the pipeline, since B.19, the Secretariat has received 11 new funding proposals from AEs and NDAs, which are at different review stages of completeness check and second-level due diligence.

26. The Secretariat has also taken measures to strengthen the quality and climate impact of funding proposals. These include introducing an early senior management strategic review of funding proposals, working to develop expert partnerships to better define and strengthen climate rationale, and working on developing sectoral and results area guidance with efforts planned to continue throughout 2018. This is closely linked with work for B.20 on the development of an integrated package of funding proposal policies, and a subset of targeted efforts meant to strengthen the climate rationale of all GCF-funded activities.

2.2.2. Strengthening concept note review as an input to programming

27. In addition to the concept notes considered during 2017, during the reporting period the Secretariat has been engaged on an additional forty (40) concept notes, including seven (7) simplified approval process (SAP) projects, from AEs and NDAs. Scope for strengthening concept note review has also been considered as part of the elaboration of a two-stage proposal approval process, as a step to enhance programming and build high quality funding proposals.

2.2.3. Building pipeline quality through the Project Preparation Facility

28. As at 30 April 2018, the Secretariat had received and was engaging directly with AEs on a total of 48 requests for project preparation support through the Project Preparation Facility

(PPF), with the relevant letters of no objection, totalling USD 40.5 million. Out of the 48 requests, 23 were submitted by DAEs. Eleven PPF applications in total were approved and endorsed and seven were submitted by DAEs. The funding proposal supported by the first approved PPF proposal (from the Ministry of National Resources of Rwanda) was approved at B.19 on 1 March 2018.

29. Learning gained through the first year of operations of the Project Preparation Facility has reinforced the fundamental importance of providing project preparation funding when a project Concept Note has been reviewed and deemed as having high potential vis-à-vis the GCF Investment Criteria. This has influenced the number of approved applications to the PPF, with further work needed in particular to help improve the quality and maturity of concept notes from direct access entities.

2.2.4. Supporting direct access entities to deliver funding proposals, particularly on enhanced direct access

30. An online survey was conducted with NDAs/focal points, direct access AEs, accreditation applicants, Board members and alternate Board members, and active observers to understand the gaps and challenges of increasing funding proposals from DAEs. The outcome of the survey and interviews is contained in document GCF/B.20/04 titled “Strategy to increase funding proposals from direct access entities”.

31. With the intention of providing dedicated support to DAEs, the Secretariat has continued to conduct missions to countries in 2018. Eight DAEs (EIF, SANBI, CSE, ADA, Profonanpe, BOAD, MINIRENA, NEMA) received targeted support (e.g. AMA negotiation and finalization, finalizing or updating their entity work programme and development of the pipeline of projects/programmes for GCF) and technical assistance on project preparation through country missions.

32. Efforts have been made to encourage direct access entities to submit proposals under the Enhanced Direct Access Pilot (EDA) scheme and the Secretariat has reached out to all direct access entities who are eligible to submit an EDA encouraging them to bring Funding proposals under EDA. In addition, dedicated sessions have been organized during regional structured dialogues to explain the modalities of EDA to interested direct access entities.

33. The Secretariat is also scheduled to hold its annual empowering direct access workshop from 29 May to 1 June 2018 with an objective to enhance the capacity of entities on programming with a focus on early business development, modalities in alignment with, among others, the GCF investment framework and preparing entities for high-quality project formulation. This event also builds on continued structured dialogues between GCF, DAEs, NDAs and other counterparts and seeks to strengthen peer-to-peer learning and knowledge-sharing. Further details are contained in document GCF/B.20/04 titled “Strategy to increase funding proposals from direct access entities”.

34. Furthermore, in response to the RFP for a pilot phase enhancing direct access to GCF launched in June 2016,¹² as at 30 April 2018, 15 entities and one NDA had submitted a total of 17 concept notes or proposals¹³ to the Secretariat. Two enhancing direct access pilot proposals were thereafter approved by the Board.¹⁴

2.2.5. Enhancing strategic engagement with international accredited entities

¹² For further information on the terms of reference for the pilot phase for enhancing direct access to GCF, see annex I to decision B.10/04 (annex I to document GCF/B.10/17).

¹³ The enhancing direct access pilot concept notes and funding proposals received are at various stages of consultation with the NDAs.

¹⁴ Decision B.14/07 and decision B.19/12.

35. The Secretariat is continuing to engage with international access entities, particularly through their EWPs and project pipeline discussions, with the aim to promote better alignment with country programming, needs and priorities on climate change, identify opportunities for strategic and transformational programming with GCF and increase the quality of concept notes and funding proposals. Such engagement includes regular engagement with AEs as well as in-person meetings, such as in side events of regional structured dialogues and targeted missions. The Secretariat engaged strategically with 6 international accredited entities (UNDP, UNEP, AFD, PROPARCO, AFC, AfDB) throughout the reporting period.

2.2.6. Promoting uptake of the simplified approval process

36. Since the launch of the SAP pilot scheme in November 2017, one project submitted by Environmental Investment Fund Namibia was approved by the Board at B.19.¹⁵ As at the reporting date, the SAP pipeline consists of 13 public sector proposals: 2 funding proposals and 11 concept notes, with 77 per cent of these coming from DAEs and NDAs.

37. The majority of submitted proposals target adaptation results, including ecosystem- and community-based adaptation, flood and water management, climate-resilient agriculture and forestry. Some proposals target mitigation results, including scaling-up renewable energy.

38. To enhance the SAP pipeline and portfolio, the Secretariat has been preparing a series of communications and outreach activities, such as a first series of webinars scheduled to be held in early May to guide AEs, NDAs and other relevant stakeholders in preparing SAP submissions. Furthermore, the Secretariat developed a communication strategy for SAP and is in the procurement process for producing communication materials, including infographics, animated and interview videos, e-tutorials, and other products to promote SAP to a wider audience. A standard training package is under preparation to allow consistent messaging on SAP. GCF structured dialogues have also provided extensive opportunities for in-person dialogues and country support for AEs and NDAs.

39. As part of the full operationalization of the SAP pilot scheme, the Secretariat has launched the SAP funding proposal template, which is a simplified format based on the updated project approval process and the decision on the SAP pilot scheme.¹⁶ The template includes simpler document requirements, fewer pages and easier form-filling with clearer upfront guidance and questions. Immediately preceding the launch of the SAP funding proposal template, the Secretariat began to develop an online submission portal for SAP concept notes and funding proposals. The portal is expected to be developed prior to B.20.

2.2.7. Advancing REDD-plus results-based payments

40. Since the launch of a pilot programme for results-based payments for REDD-plus in October 2017, the Secretariat has published supporting documents in the form of communications and guidance materials for applicants. Proposals have not been submitted as of April 2018, however, the Secretariat expects up to three by the end of the year. The Secretariat has engaged with NDAs, focal points and AEs to encourage them to submit proposals and to assess country needs in preparing for submission of proposals, particularly from those countries that are more advanced in the process for accessing GCF REDD-plus results-based payments, such as Brazil, Cambodia, Colombia and Ecuador.

41. In addition to the RFP, GCF is increasingly exploring new, innovative financial schemes, which may involve the private sector and, where they involve results-based payments, will follow the rules outlined in the RFP.

¹⁵ SAP001 “Improving rangeland and ecosystem management practices of smallholder farmers under conditions of climate change in Sesfontein, Fransfontein, and Warmquell areas of the Republic of Namibia”.

¹⁶ Decision B.17/09 and decision B.18/06, respectively.

2.2.8. Maximizing private-sector engagement, including through dedicated micro-, small and medium-sized enterprises and mobilizing funds at scale pilots

42. Since the launch of the micro-, small and medium-sized enterprises (MSME) pilot RFP in July 2016, the Board has approved two funding proposals under the RFP totalling USD 40 million, namely USD 20 million for the “Business Loan Programme for GHG Emissions Reduction” proposal (FP028) submitted by the Mongolia-based XacBank LLC to which GCF has disbursed its total commitment of USD 20 million and another USD 20 million for “Low-Emission Climate Resilient Agriculture Risk Sharing Facility for MSMEs” (FP048) submitted by the Inter-American Development Bank to be implemented in Guatemala and Mexico. The success of the MSME pilot was constrained by a number of accreditation issues including securing accreditation for some of the projects. A proposal to launch a second tranche of the MSME RFP will be presented at B21.

43. The mobilizing funds at scale RFP was launched in May 2017 and attracted 350 submissions from more than 70 countries with an estimated GCF-requested financing of over USD 18 billion. Following a rigorous review of all proposals undertaken in accordance with criteria set out in the RFP, a shortlist of 30 projects requesting an aggregate of USD2.8 billion were selected and a summary published on the GCF website. Of these 30 projects, eleven were submitted by Accredited Entities and nineteen by non-Accredited Entities. The Secretariat currently estimates between 1 – 3 proposals will be presented for approval at B.21 with an aggregate request for GCF funding of between USD100 – 200 million. A major constraint in advancing more projects has been securing accreditation for the project proponents or finding existing accredited entities to sponsor them.

2.2.9. Consolidating the GCF policy framework and addressing policy gaps through an integrated approach

44. In line with Board mandates, the Secretariat has been advancing work on the development of the Environmental and Social Policy, Gender Policy, and Indigenous Peoples Policy as well as on policies related to funding proposals and those overseeing accreditation.

45. At B.19 the Board adopted the Environmental and Social Policy as well as the Indigenous Peoples Policy. Following approval, draft procedures for environmental and social due diligence by the Secretariat are being finalized and will be integrated into the operations manual. External technical support is sought for the development of the approach for completing the environmental and social safeguards (ESS). The Indigenous Peoples Policy will be integrated with other policies and frameworks, particularly the environmental and social management system (ESMS) and work is ongoing to complete the operational guidelines for the policy. GCF also presented the policy and its work on indigenous peoples during the annual session of the United Nations Permanent Forum on Indigenous Issues in April 2018.

46. Following Board guidance from B.19 to develop an integrated approach to policy development for its consideration, the Secretariat has been developing policies and tools to resolve the interrelated issues related to the approval of funding proposals, including: incremental cost and full cost methodologies, options for further guidance on concessionality, policy on co-financing, mapping of elements related to project or programme eligibility and selection criteria, investment criteria indicators, review and revision of structure and operations of iTAP, the two-stage approval process, options for further decision making for funding proposals, enhancing climate rationale, review of financial terms and conditions, guidance and support for adaptation activities, results management framework and performance management framework, definition and scope of second level due diligence and programmatic approach to funding proposals. The full list of policy papers under the integrated approach and their proposed timeline are provided in detail in document GCF B.20/XX titled

“An integrated approach for addressing policy gaps to ensure climate impact: an overview of policies related to the consideration of funding proposals” (in preparation).

47. In decision B.18/04, paragraph (a), the Board decided to commence the review of the accreditation framework. Additionally, the Board, having considered document GCF/B.19/28 titled “Further development of the accreditation framework”, requested the Secretariat in decision B.19/13 to further develop the project-specific assessment approach contained in GCF/B.19/43, annex II, taking into account the views of Board members and the outcomes of the full review of the accreditation framework, for the Board’s consideration. The review and revised project-specific assessment approach is proposed for the Board’s consideration at B.20 (document GCF/B.20/17).

2.2.10. Actions taken to include gender considerations in GCF activities

48. Following the adoption of the GCF Gender Policy and Action Plan in 2015, the Secretariat has been working to advance gender mainstreaming across its activities.

49. 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 entities as part of project appraisal. To date, 92 per cent of all approved funding proposals contain a gender assessment, and 83 per cent of all approved funding proposals contain project-level gender action plans. The project-level gender action plans have helped to:

- (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 in view of the specific climate change issue to be addressed.

50. Gender-related activities are being integrated into the Readiness Programme with resources dedicated to NDAs 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.

2.3 Accelerating implementation and managing results

2.3.1. Increasing the number of approved projects with accreditation master agreements and funded activity agreements

51. As at 30 April 2018, the Secretariat had signed 42 AMAs with AEs, which represent 71 per cent of all entities accredited by the Board. AMA’s have been agreed with two (2) entities and are pending signature. Negotiations with another 15 entities accredited by the Board are ongoing and are at different stages of progress. The Secretariat has signed 33 FAAs for 32 funding proposals approved by the Board, which represents 41 per cent of all approved funding proposals.

52. Of the 32 projects that have executed FAAs, two private sector projects as well as five public sector projects signed FAAs between January and April 2018. A further 28 projects are currently under FAA negotiation stage. The large number of projects under FAA negotiations is attributed to the record number of projects approved in B.19 as well as the triggering of AMA effectiveness for projects by AEs such as the Inter-American Development Bank and Corporación Andina de Fomento.

53. The progress recorded in the intervening period attests to the extensive efforts by the Secretariat to accelerate the movement of projects through the post-approval process towards

implementation. More so, the efforts by the Senior Management Team geared towards closing the Secretariat's staffing gap, in the cross-divisional teams involved in post approval, have contributed significantly to increasing the number of approved projects with FAAs. This has been further complemented by the Secretariat's proactive approach of systematically prioritizing the FAA negotiations based on deadlines.

54. Further details on the status of AMAs and FAAs can be found in the limited distribution addendum to this document (GCF/B.20/Inf.08/Add.01).

2.3.2. Accelerating project implementation and disbursements

55. As at 30 April 2018, 26 Funding Proposals are under implementation for a total value of 1.19 billion in GCF approved funding. The number of projects and programmes receiving disbursements has also increased to 20 of the 76 approved projects. With the growing number of FAAs that were effective for 26 projects, allowing them to move to implementation, the disbursed amounts are expected to increase materially in 2018.

56. The 20 projects valued at over USD 651 million in GCF funding are being implemented in 20 countries. Disbursements totalling USD 158.2 million (excluding AE fees) and USD 166.8 million (including AE fees) have been made, of which USD 93.9 million (59.4 per cent) for three private sector projects, and USD 64.2 million (40.6 per cent) for 17 public projects.

57. Work is being done across the Secretariat to review disbursement projections to give the Board and other stakeholders an up-to-date picture for 2018. The Secretariat Work Programme was based on indicative cumulative projections by the end of 2018 on 43 projects approved from B.11 through to B.16. This is being revised based on internal observations of current processes and progress related to facilitating disbursements. The Secretariat has assessed internally that disbursement projections should be undertaken on a quarterly rather than an annual basis and the next request for this exercise will be made on July 1st.

58. Revised projections are based on the combination of (i) information provided by AEs, (ii) indicative disbursement schedules in FAAs, and (iii) each operational division/office's estimation, for instance, on when FAAs will be signed for the projects with no FAAs and how long it will take from the FAA execution to the first disbursement. The current revised projections are cumulative projections by the end of 2018 on 76 projects approved from B.11 through to B.19 and anticipate total disbursements in the range of USD 364-667M for 28 to 42 FPs totalling USD 1,218 billion to USD 2,332 in GCF approved funding. Of this, USD 184-371M is anticipated for public projects and USD 180-296M for private projects.

59. In recognition of its growing role in acceleration of implementation of projects and programmes, the Secretariat's Portfolio Management Unit also became a separate office (Office of Portfolio Management) as of 27 April 2018.

2.3.3. Reviewing results and enhancing results management

60. Starting in 2018 the Secretariat has begun reviewing the first round of Annual Performance Reviews (APRs) that were submitted based on a general template developed by the Office of Portfolio Management, in coordination with the rest of the Secretariat and Accredited Entities (AEs) in 2017. No initial delays or issues have been identified through the initial reviews as all projects under implementation have started executing project activities specified in the funding proposals. Based on the initial review of the APRs, the Secretariat has requested the AEs to provide additional explanations to clarify portfolio-level data. The information at the portfolio level will be aggregated and presented in the annual reporting to the Board.

61. In 2018, 19 APRs are due from 7 AEs and it is expected that the number of APRs will increase significantly next year. Taking into consideration the current average time for projects

to move from Board approval to the start of implementation, it is estimated that 66 APRs will be submitted by 2019.

62. The Secretariat has also endeavoured to further refine and develop the GCF results management framework and performance management framework indicators for mitigation and adaptation. This exercise has involved a comparative analysis with KPIs and methodologies used by other climate financing mechanisms, including the Global Environment Facility (GEF), Climate Investment Funds (CIFs), Adaptation Fund (AF) and Nationally Appropriate Mitigation Action Facility (NAMA Facility).

63. The Secretariat is also streamlining reporting against the results management framework through the production of internal dashboards which track key GCF indicators and targets for 2018.

2.3.4. Operationalizing the risk management framework

64. Building on the initial risk management framework (RMF) adopted at the seventeenth meeting of the Board, the Board, through decision B.19/04, adopted a second set of components for the framework, which include (i) an investment risk policy; (ii) a non-financial risk policy; (iii) a funding risk policy. The Board also approved the risk dashboard with revised reporting on concentration through decision B.19/04. The remaining components of the RMF that the Secretariat has been developing include (i) compliance risk policy; and (ii) legal risk policy.

65. Operationalization of the RMF has involved a series of activities. The Office of Risk Management and Compliance (ORMC) has developed a risk concentration report to be used internally to assist in the monitoring of concentration levels and in line with decision B.19/04 to publish the updated risk dashboard every quarter, the Secretariat is working on the first publication of the risk dashboard planned for May 2018. ORMC is also advising on risk guidelines for funding proposals and readiness. To mitigate solvency risk from currency fluctuations, ORMC is working with the Finance Division to calculate a risk buffer for commitment amounts not matched by contributions in cash or promissory notes in the same currency and the buffer will be deducted from the Secretariat's commitment authority.

66. The Secretariat is preparing terms of reference to procure an external consulting firm to develop the risk control self-assessment process. In addition, an organization-wide crisis communication plan to assuage potential reputational risks is under development.

67. A series of compliance related matters have also been progressed. The Secretariat has developed, with external support from Oliver Wyman, a compliance risk policy that will be presented to the Board for its consideration at B.20. The Secretariat also worked jointly with the Independent Integrity Unit in the development of standards for the implementation of the Anti-Money Laundering and Countering the Financing of Terrorism Policy.

68. Analytical tools such as the grant equivalent calculator and risk rating/scoring models have also been progressed, to provide improved clarity on investment decisions. Work on an investment criteria scorecard, which serves to assess how well funding proposals align with the investment framework, is underway.

2.4 Supporting the Board and GCF accountability to the Conference of the Parties

2.4.1. Providing effective support to the Board, including on policy development and implementation

69. The Secretariat, led through the Office of Governance Affairs (OGA), provided support to the newly elected Co-Chairs in the running of B.19, tracking and implementing Board mandates,

and reporting to the Board on their status of implementation. Further information on these efforts is provided in document GCF/B.20/Inf.XX titled “Report on the activities of the Co-Chairs” (in preparation).

70. The Secretariat continued its effort to provide high quality support for meetings of the Board, including through regular coordination calls with the Co-Chairs, agenda preparation and issuance, and improving the timeliness of Board document preparation and publication. Up to 50 Board documents are expected to be issued for B.20. The Secretariat also facilitated the issuance of decisions proposed for approval by the Board between B.19 and B.20. As of 6 June 2018, nine decisions had been sent for consideration for approval between meetings, with more information provided in document GCF/B.20/Inf.10 titled “Decisions proposed and approved between the nineteenth and twentieth meetings of the Board”. In doing this, the Secretariat has identified possible opportunity for improvement in the decision-making process.

71. The Secretariat is also taking early steps to facilitate the smooth transition of Board membership from the current to next term. OGA has notified chairs and coordinators of regional groups and constituencies, followed by a message to the Parties to the UNFCCC, regarding the forthcoming expiration of the current three-year term of Board membership on 31 December 2018 and the process for selecting Board members to the third term of Board membership that starts on 1 January 2019 and ends on 31 December 2021. More detailed notifications were sent to the chairs of the following regional groups: African States; Asia-Pacific States; Latin American and the Caribbean States; Small island developing States; Least developed country Parties; European Union members; Umbrella Group; and Environmental Integrity Group.

72. The Secretariat opened the sixteenth round of applications for the accreditation of observer organizations, managed correspondence with observers and will coordinate the observer registration process for B.20. The review of the guidelines relating to observer participation, accreditation of observer organizations and participation of active observers, which was adopted through decision B.01-13/03, is underway in accordance with paragraph 17 of the guidelines.

2.4.2. Facilitating and monitoring the implementation of the Information Disclosure Policy

73. The Secretariat reviewed the forms submitted by AEs covering their disclosure of ESS reports for funding proposals prepared for consideration by the Board in accordance with the Information Disclosure Policy (IDP) requirements, and facilitated the timely disclosure of such forms to Board members, active observers, and the public through the GCF website. Sixteen reports were submitted to Board members and active observers during the reporting period. The Secretariat also continued to coordinate responses to information requests under the IDP.

74. Through decision B.BM-2018/07, the Board approved the modalities for the qualitative and quantitative review of the live webcasting service of formal Board meetings as mandated in decision B.12/35, paragraph (f), and decided that it will consider the review of the service at B.21. The Secretariat has made progress in collecting quantitative data regarding costs and usage statistics, and will launch an online survey soon to obtain the views of those who have accessed the service.

75. The Secretariat, in a collaboration between the Office of the General Council (OGC) and OGA, continued to contribute to resolving matters related to information disclosure that arose in the negotiation of AMAs.

2.4.3. Supporting the Board to implement decisions related to arrangements for the initiation of the replenishment process and selection of a Permanent Trustee

76. As mandated at B.19, a cross-Secretariat team supported the Co-Chairs to prepare for the informal consultations with Board members on replenishment, held in Bonn on 6 May 2018. The Secretariat produced a number of documents for the meeting, highlighting the current status of the GCF's commitment authority and options for procedures and timelines for replenishment. It has also developed a document on Arrangements for the First Formal Replenishment of the GCF for consideration by the Board at B.20.

77. The Secretariat supported the ad hoc Trustee Selection Committee to finalize the advertisement for the selection of the Permanent Trustee with an advertisement posted in the 21–27 April edition of *The Economist* magazine.

2.4.4. Supporting accountability to the Conference of the Parties and engagement with its subsidiary and thematic bodies

78. In response to decision B.19/02, the Secretariat has implemented a standardized process to incorporate guidance from the COP into the operations of GCF and to expedite the response to COP guidance. Document GCF/B.20/15 titled “Seventh Report of the Green Climate Fund to the Conference of the Parties to the United Nations Framework Convention on Climate Change”, provides an update on the progress to respond to guidance received from the COP as well as the implementation of the arrangements between the COP and GCF.

79. In order to strengthen its approach to engaging with the subsidiary and thematic bodies, a delegation of the Secretariat attended the 48th Sessions of the UNFCCC Subsidiary Bodies from 30 April to 10 May to engage on issues across bodies and groups of the UNFCCC process. This engagement included a workshop given as part of the Technical Examination Meeting on Adaptation on financing for adaptation planning. The Secretariat also hosted a side event to update parties and others on GCF progress in serving the Paris Agreement. The Secretariat participated in the in-session workshop on long-term finance, highlighting the work for GCF in supporting countries to both assess and translate needs identified in country-driven processes into projects and programmes and facilitate enhanced access to meet those needs. Finally, the Secretariat held over 20 bilateral meetings with Parties and observer organizations while giving detailed and interactive briefings to regional and constituency groups.

80. In line with decision B.18/03 and COP guidance (13/CP.21) on linkages with the Technology Mechanism, the Secretariat collaborated with the Technology Executive Committee (TEC) and the Climate Technology Centre and Network (CTCN) in the organization of a thematic dialogue on technology incubators and accelerators held in conjunction with the 16th Meeting of the TEC in Bonn, Germany in March 2018. The event provided expert commentary and inputs for the Secretariat's ongoing development of an RFP on technology incubators and accelerators mandated by decision B.18/03. The Secretariat continues to seek technical feedback and input from the TEC and CTCN in the development of the RFP.

2.5 Improving accessibility, complementarity and coherence

2.5.1. Raising the GCF profile through coordinated outreach

81. From early in 2018 the Secretariat has bolstered its outreach activities through engagement in a series of global conferences and events, cross-Secretariat missions to countries and entities, and organizing structured dialogues in Latin America, Africa and Asia. This has led to the establishment of new relationships in settings such as the G20 along with strengthening partnerships with range of organisations, including the International Solar Alliance, the NDC Partnership and World Meteorological Organization.

82. Analysis on the outcomes of Secretariat missions and engagements can be found in annex I of this document titled “2018 Q1 Mission: outcomes and lessons learned”.

2.5.2. Strengthening GCF communications

83. The Secretariat has drafted the GCF communications strategy, due to be tabled at B.20. The strategy will build upon the communications objectives established by the Board in decision B.13/25. Branding guidelines have also been developed for AEs and other partners to govern the use of the GCF name and logo.

84. Since B.19 the Secretariat has undertaken to make a series of improvements to the communications of GCF activities and processes via its website. The outcomes of each of the regional structured dialogue meetings have been reported, and a new upcoming engagements section provides greater clarity about the external engagements of the Secretariat. In addition, new web pages have been launched to provide information about the Indigenous Peoples Policy and the Environmental and Social Safeguards Policy following their approval at B.19. A new website for the Independent Evaluation Unit has been launched, and GCF has also undertaken outreach measures to raise awareness about the SAP, including promoting a webinar in partnership with the United Nations Institute for Training and Research in early May, and developing new information products on the SAP. In addition, the content delivery network has been enhanced to provide viewers with faster website usage irrespective of their geographic location and a new website firewall has been set up to protect from Internet hacking.

85. GCF is also working to build its staff capacity in this area, with recruitment for four new staff currently underway.

2.5.3. Increasing engagement with key stakeholders through online platforms

86. To facilitate enhanced transparency and interaction among key stakeholders, the Secretariat launched the first version of the NDA and AE portals in early 2018. These portals allow AEs and NDAs to access a password-protected GCF data repository of their project pipeline and portfolio, which includes the status of the concept notes and funding proposals submitted as well as information on approved projects, such as the status of FAAs and disbursements.

87. The Secretariat aims to have the second version of the portal ready during the second half of 2018, in particular the online concept note and funding proposal submission features, including for SAP proposals.

2.5.4. Fostering complementarity and coherence with other climate finance delivery channels

88. Building on progress made during the first Annual Dialogue held in Bonn in 2017 with the AF, GEF and CIFs, the Secretariat organized a technical working mission to Washington, D.C. in February 2018 to progress operational details jointly and bilaterally with the different climate finance delivery channels. This mission helped define specific steps to advance the work under pillar II of the operational framework on complementarity and coherence and explore potential approaches to advance work related to pillar III of the framework.

89. The Secretariat is collaborating with each of the three initial funds (AF, GEF, CIFs) on national-level programming, readiness and enhancing direct access, and learning around scaling up support and programmatic approaches. A regular quarterly conference call among the funds facilitates knowledge-sharing and closer alignment of activities. Further details on the outcomes of the technical mission are provided in Annex I of this document. “2018 first quarter missions – outcomes and lessons learned” with a full annual update on the implementation of the operational framework on complementarity and coherence contained in document GCF/B.20/05 titled “Annual update on complementarity and coherence”, in line with the mandate from decision B.17/04.

2.6 Consolidating the Secretariat's capabilities

2.6.1. Implementing the Board-approved Secretariat structure, work programme and budget

90. Led by the Office of the Executive Director, the Secretariat has successfully implemented approved developments in the structure of GCF. This has included appointment of a Deputy Executive Director, establishment of OGA, building the capacity of DEA and facilitating increased staff capacity for PMU as well as restructuring it into an Office of Portfolio Management.

91. The Secretariat has continued to use cross-divisional teams to drive GCF activities around funding proposal reviews, project preparation, country engagement, development of communities of practice, and policy development. Cross-divisional consultations have also been leveraged to strengthen integrated and periodic reporting to the Board on the implementation of the work programme of the Secretariat for 2018. These efforts have led to the development of a strategic dashboard for GCF that will allow the organization to track progress in achieving the 57 targets set out in the Secretariat's results framework for 2018.

92. In efforts to build organizational culture and coherence, the Office of the Executive Director led the organization of an all staff strategy day in March 2018. This led to the identification of a series of organisational improvement initiatives that are currently being implemented throughout GCF. One initiative was adopted to improve the responsiveness of internal decision-making as well as Fund responsiveness to external stakeholders. A two-week timeframe is established for staff to bring unresolved matters to the next level of decision-making as well as for staff to provide responses to external stakeholders.

2.6.2. Building a Secretariat of sufficient size, talent and global reach to meet operational demands

93. At its eighteenth meeting (B.18), the Board, considering the Secretariat's workplan and in order to build the capacity of the Secretariat, authorized the recruitment of new staff with a view to filling 250 positions by December 2018. The Secretariat has made progress in recruiting new staff, with the current total staff count at 184 (from 140 staff at B.18 in October 2017) and 44 more positions in progress. It is likely that the approved 250 posts will be filled during 2018 or early 2019.

94. The Secretariat continues its efforts to achieve geographical diversity in its workforce and to ensure that women and men are equally represented at all levels. The gender balance has improved from 57:43 (male to female ratio) at B.18 to 55:45 by B.20. The Secretariat is currently composed of staff from 63 countries.

95. Following a comprehensive consultation with all stakeholders, a Secretariat-wide training plan has been developed, which will provide opportunities for all staff to develop their knowledge and skills. The overall budget for training and development has been set at 3 per cent of the cost of payroll and includes an allocation for Division Directors/Heads of Offices to support individual training plans. This is also the second year of the Secretariat's performance management and development system and, as with the previous year, all staff are required to set objectives and competency goals, and undertake reviews at least twice in the year. The results of the performance management and development system guide merit pay awards.

2.6.3. Concluding arrangements for privileges and immunities

96. The Secretariat is actively pursuing negotiations with both developed and developing countries and, as at 30 April 2018, the Secretariat had sent draft agreements on the privileges and immunities of GCF to a cumulative total of 123 countries. To date, 17 bilateral privileges and

immunities agreements have been signed, with Antigua and Barbuda, Belize, Cook Islands, Georgia, Honduras, Kiribati, Micronesia (Federated States of), Montenegro, Namibia, Papua New Guinea, Saint Vincent and the Grenadines, Samoa, Solomon Islands, Tonga, Uruguay, Vanuatu and Zambia.

97. 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 the Governing Instrument for the GCF. Negotiations on bilateral agreements with Parties to the UNFCCC will continue, and the Secretariat proposes to offer to 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 GCF.

98. The matter of GCF privileges and immunities was discussed during COP 23. In this connection, in 2014, the Board requested the COP to consider an institutional linkage between the United Nations and the Secretariat. However, there is no consensus within the COP on whether to take up the Board's request, and it remains on the COP agenda. Instead, in decision 9/CP.23, the COP encouraged Parties to enter into the relevant agreements and urged the Board to intensify its efforts to ensure that GCF enjoys the necessary privileges and immunities. The Co-Chairs intend to present a proposal to the Board in this respect at B.21.

2.6.4. Advancing the roll-out of information technology systems to support business processes

99. The 2018 ICT work programme saw significant progress in the implementation of core business and administrative systems and improvements to IT infrastructure. At an overall level, the Secretariat sought a neutral third-party assessment of fitness for purpose of its business systems and underlying infrastructure, including the adequacy of plans for future expansion. The outcomes were reassuring, supporting the many key choices made and the underpinning strategic direction while providing some further guidance on specific aspects. Based on that, the Secretariat's ICT function could recalibrate the planned sequence and scope of individual enabling solutions and services scheduled for 2018.

100. To enhance the concept note and funding proposal submission workflow, organizational units from across GCF worked together to design and develop the online submission system for the SAP concept note and funding proposal. The system is being tested internally and prepared for pilot submissions during mid-2018. Work for establishing dedicated knowledge management and collaboration portals for the needs of NDAs and AEs continued. Portal access had been expanded to all NDAs and AEs to enable them to access the GCF data repository of their project pipeline with password protection. Specific to the handling of readiness requests, the system to address both pre-approval and post-approval steps continued to see use, with data validation and reporting enhancements occurring in Q1 2018.

101. Early in 2018 GCF launched a new service called "Reports on Demand" that provides a platform for standardized reports on the data GCF collects and manages. An external correspondence management tool (customer relationship management in nature) was introduced in April and is expected to greatly assist in improving internal coordination towards faster quality responses to requests from countries and other parties. As for other key internal administrative systems, the implementation of an e-sourcing system for procurement moved forward and is entering the final phase of testing for user acceptance. The Secretariat expects implementation to be completed in the first half of 2018.

102. The Secretariat began work on a cloud-based travel request and expense management solution that is expected to be released in August. Work for implementing a GCF cloud-based human resources system continues to make steady progress; the system has already been launched for internal human resources users. The Secretariat is optimistic that the first module of this system – online recruitment – will be launched before B.20, with onboarding functions to

follow shortly after. For payroll, GCF delivered a custom development payroll solution that started with the January 2018 payroll run. Work has started on an employee portal for GCF Secretariat staff to access all their payroll-related information.

103. GCF has also taken steps to bolster the security of IT systems, with enhanced monitoring of IT systems and authentication procedures for Secretariat staff. To ensure the continued stability of the GCF video and teleconferencing system, the Secretariat initiated a project to review the performance of infrastructure components supporting these systems. Finally, GCF recently initiated a project to enhance GCF policies, procedures and practices regarding data privacy and protection.

2.6.5. Elaborating GCF financial policies and standard operating procedures

104. During the reporting period the Secretariat worked towards implementing a new cashflow management system, Kyriba. This will enable more efficient management of GCF cash flows. In addition, a new cash investment plan is currently under development. A set of Standard Operating Procedures (SOPs) for a number of accounting processes has also been completed and will be socialized with all staff.

2.6.6. Improving the efficiency of procurement practices

105. The procurement guidelines are being reviewed in an effort to align them with best practices as well as the evolving needs and requirements of GCF. The revised guidelines are expected to be presented to the Board at B.21 for review and approval, including an appendix on sustainable procurement as requested by some Board members.

106. The corporate procurement plan for GCF for 2018 has been consolidated. The procurement plan identifies the procurement needs and requirements for the GCF divisions and offices for various goods, services and individual consultants. This will enable the procurement team to plan effectively and improve efficiency of the procurement processes. The team will also be able to follow up proactively with divisions and units for terms of reference or specifications to launch the tender processes on time to meet the time frames. The procurement plan will be monitored and reviewed regularly to ensure that it is up to date and any additional requirements or modifications to the plan are factored in.

107. The contract for the e-sourcing system, Ariba, is in place and running and the procurement team with support from ICT is testing the system, which is expected to go live in August 2018. The contract with SAP Concur for the provision of the Concur Travel and Expense management system was signed in April 2018. The system is currently under design/configuration and is also expected to go live in early August 2018. The system will assist with mainstreaming the processing of travel requests and claims.

108. Finally, standard bidding documents have been updated and will be launched for use on 1 June 2018. These documents present an acceptable framework of standard bidding documents, which are well known by most global bidders, and will assist GCF in enhancing standardization of its documents for each category of procurement without recreating new templates each time a different tender is launched. These were to be introduced after approval of the revised procurement guidelines but, based on the current draft, it has now been determined that launching the new bidding documents will not have an impact on the procurement guidelines.

2.6.7. Implementing the 2018 audit plan

109. The Office of the Internal Auditor (OIA) prepared a three-year, risk-based internal audit plan for 2018-2020, focusing on 2018, which was presented to and approved by the Executive Director and was also submitted to the Ethics and Audit Committee.

110. OIA began to implement the plan by finalizing two audits begun in 2017 (Human Resources Unit and the review and selection process of the RFP for mobilizing funds at scale) and is working towards the finalization of another three audits (Division of Mitigation and Adaptation, Private Sector Facility, and Finance Unit).

111. In 2018, OIA also started a new audit of the Procurement Unit and has additionally reviewed 14 standard operating procedures (SOPs) and methodologies (Finance and DMA SOPs and the Operations Manual) and one Administrative Instruction (on the disposal of ICT equipment).

112. OIA is currently finalizing its audit manual and, together with ORMC, it is working to develop policies and procedures to implement the Committee of Sponsoring Organizations of the Treadway Commission (COSO) Framework for internal control within GCF.

Annex I: 2018 Quarter 1 Missions: outcomes and lessons learned

1. Throughout the first quarter of 2018 the Secretariat has been actively engaged in a series of outreach activities and missions which have directly contributed to the goals outlined in the 2018 Work Programme of the Secretariat. These missions and activities have been key to:
 - (a) Raising the Fund's profile and building understanding of its operational modalities;
 - (b) Providing on the ground advice and assistance to NDAs, focal points and entities;
 - (c) Expediting business processes such as the review, approval and monitoring of readiness, project preparation and funding proposals;
 - (d) Building wide-reaching partnerships and facilitating knowledge exchange; and
 - (e) Strengthening complementarity with other climate finance delivery channels.
2. The Secretariat's missions have entailed a variety of outward-focused activities, such as:
 - (a) Missions to countries to advance the implementation of readiness activities, support with country programming and strengthen engagement with the GCF across national stakeholders;
 - (b) Missions to entities on the development of entity work programmes, conclusion of AMAs and FAAs, accelerating funding proposal development and enhancing direct access;
 - (c) Outreach and networking contributing to global, thematic or regional forums relevant to GCF's results areas and building partnerships of relevance to the GCF's operations; and
 - (d) Interaction with the UNFCCC and its subsidiary bodies; and
 - (e) Other climate finance delivery channels.
3. The nature of these activities, their objectives and outcomes are further outlined below.

Country Engagement and Structured Dialogues

4. Teams across the Secretariat have been active in directly supporting national activities related to: country programming, project prioritization and development, identification of potential Direct Access Entities and private sector mobilization. Missions have involved:
 - (a) Attending national stakeholder consultation workshops on kick-starting engagement with the Fund and Country Programme development, including an ED-led Cross-Secretariat mission to Sri Lanka for engagement with government agencies and the Head of State. A specific goal of the mission was to discuss the development of a strategic country programme for Sri Lanka, which will contain a pipeline of viable investment projects that respond to the stated priorities of the Government, with the meetings leading to constructive discussions on how to structure a funding proposal and how to best identify entities to partner for such projects.
 - (b) Organizing the 1st Structured Dialogue with Latin America, and the 2nd Structured Dialogues with Africa and Asia;
 - (c) Supporting national workshops dedicated to engagement with the private sector (Sri Lanka, Pakistan) and attending project launches (Gambia)
 - (d) Contributing to harmonizing efforts around strengthening country Readiness and improving donor coordination through Fund participation in national workshops convened by the NDC Partnership (Kenya, Mongolia)
5. These missions have enabled the Secretariat to:
 - (a) Get direct understanding of national priorities, grasp the diversity of capacity gaps and assess opportunities for GCF intervention;

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- (b) Observe progress on country programming, support project prioritization and the identification of direct access entities; and:
- (c) Map and engage key national stakeholders around key climate issues, GCF processes and operational modalities
6. A series of key outcomes and lessons have emerged, as follows:
- (a) Reiterating the role of country ownership is a continuous learning process as countries continue to require support to identify national partners which can support them to access Readiness resources or GCF project funding.
- (b) Structured Dialogues continue to act as a key venue for conveying these messages and allowing for knowledge exchange between countries on best practices on project prioritization, no-objections process and engagement with accredited entities. They also allow for information exchange on regional climate investment trends, methodologies for assessing and systematically integrating climate risks, exploring effects of climate variability on key development sectors and concrete interventions required to fill the gap and better plan for a climate resilient and low emission transition.
- (c) The issue of guidance on programmatic approaches and national versus multi-country and regional programmes is a common one raised by countries across regions and Structured Dialogues have allowed for an opportunity to clarify these concerns and advise on potential working structures that can deliver regional results.
- (d) Throughout the Structured Dialogues countries highlight their needs to receive GCF support in the follow-up of the dialogues so as to enable implementation of key activities identified. They also wish to engage with the Secretariat on a proactive discussion on their options to deploy readiness resources to address policy gaps. Several countries have requested for further targeted missions or engagement from the GCF either at sub-regional level or dedicated to specific activities such as national consultations or project development.
- (e) Secretariat capacity and on-going support continues to be highly needed to develop quality Readiness proposals and additional means of offering this support are being considered. Countries also express keen interest in having stronger GCF regional presence. Initial efforts have been undertaken to inform the development of the Pacific Regional Hub through the NDC Partnership.
- (f) An increasing number of countries are currently developing their Country Programme which raises questions on the best practices to develop a GCF Country Programme and its links to other national plans and priorities, especially in the context of the NDC implementation plan. There is substantial scope to ensure alignment is done with other national and international partners to ensure these efforts are non-duplicative.
- (g) With an increasingly larger number of countries implementing Readiness and working through a range of partners it has emerged that it is important for the Secretariat to work on building the capacity of delivery partners in parallel to support offered to the NDAs and Focal points.
- (h) Coordinated engagement with the NDC Partnerships has allowed for clearer messaging on the role and support offered by the GCF in relation to other global partners, reducing the risk of inefficient or duplicative funding allocations. It has also highlighted the need to continue supporting national coordination mechanisms which convey information on climate needs and priorities across a broad range of stakeholders and which anchor climate ambitions into the broader development and planning national frameworks.
- (i) There is steady interest in the Private Sector Facility and countries could benefit from further clarity on how to fully utilize it. Secretariat support has been used to inform Readiness proposals in Asia which aim to introduce green banking guidelines in the

country as well as conduct a scoping study for private-sector led climate change project pipeline. As it progresses, this may provide a trailblazing example for other countries. Broader solutions should be explored in parallel on deploying Readiness resources to accelerate private sector involvement in delivering climate objectives.

Entity Engagement

7. The Secretariat has been engaging with Direct and International Accredited Entities which are actively developing a pipeline for the Fund and also supported national dialogues for the identification of potential direct access entities. The scope and nature of these engagements are closely linked to evolving the existing relationship between the GCF and the Accredited Entities. Related missions have entailed:

- (a) Negotiations to progress the priority 2018 Secretariat objectives to accelerate implementation and finalise as many AMAs and FAAs as possible, with the signing with Bank of Tokyo-Mitsubishi directly supported by the Office of the Executive Director;
- (b) The advancement of specific project proposals;
- (c) Building an understanding of GCF business model and processes and the fundamental centrality of climate impact;
- (d) Engagement on pipeline, including undertakings to engage at an earlier stage of pipeline development with IAEs;
- (e) Providing support for Direct Access Entities;
- (f) Strengthening engagement between countries and entities; and
- (g) Engagement with potential entities seeking accreditation and other forms of partnership, including facilitating discussions between entities responding to GCF Requests for Proposals and Accredited Entities.

8. The Fund had a number of targeted sessions with international agencies such as the WB, UNDP, ADB, IDB and AfDB on overall partnership, project prioritization and sequencing. Engagement with Direct Access Entities through the Structured Dialogue has focused on kick-starting their collaboration with the Fund by communicating GCF criteria and guidance. A number of entities are proposing joint project sessions to assist with the development of Funding Proposals in line with the Fund's standards and criteria. GCF has also been engaged with AEs on the opportunities provided by the responses received through the Fund's request for proposals with a view to link shortlisted concepts to AEs.

9. GCF has also been engaged with direct access entities to encourage funding proposal development and has connected with potential national entities through in-country visits.

10. GCF has also been engaged with AEs on the opportunities provided by the responses received through the Fund's request for proposals with a view to link shortlisted concepts to AEs.

11. Through the series of missions, the Secretariat has:

- (a) Consolidated and enhanced its business network and portfolio;
- (b) Advanced its understanding of the core expertise of Accredited Entities, provided advice on projects vis-à-vis the Fund's investment criteria, and explored opportunities for co-financing, innovative financing structures, scaling up existing initiatives and mobilizing funds at scale;
- (c) Explored engagement with institutions that are not accredited but which are interested in aligning their investments with those of GCF through complementary financing arrangements.

Global fora and sectoral, regional or thematic outreach and partnerships

12. The Secretariat represented the GCF in a series of global events and sectoral fora. The ED led GCF engagement at the 8th Session of the IRENA Assembly, the first meeting of the G20 Climate Sustainability Working Group convened by the Presidency of Argentina in the lead-up to the G20 Summit, the Spring Meetings of the World Bank and IMF group, the Global SDG7 Conference as well as the inauguration of the International Solar Alliance under the leadership of France and India. Secretariat staff also attended meetings such as the World Water Forum, World Urban Forum, the Climate Bonds Initiative Annual Conference, preparatory meetings of the UN Secretary General in advance of the 2019 Climate Summit along with other private sector events such as the Global Climate Lab meetings.

13. These engagements provided insights into specific regions, markets or financial and sectoral trends and allowed the GCF to widen its networks and raise visibility of its work to new audiences. Engagement with private sector actors has been critical to allow the Fund to position itself as a known and valuable partner in the area of global climate finance. More specifically, participation in:

- (a) Global fora helped raise the Fund's profile and visibility in new initiatives such as the International Solar Alliance and the Climate Sustainability Working Group of the G20.
- (b) Engagement with the United Nations has enabled the Fund to convey the linkages between delivering on climate and development outcomes and has included the Fund in the conversations leading up to the Secretary General's Climate Summit in 2019.
- (c) Sectoral and thematic meetings allowed the GCF to tap into networks and expertise central to the Fund's core work. Participation at the World Water Forum and the Urban Forum have provided an opportunity to clarify GCF investment criteria and the Fund's results management framework for mitigation and adaptation and how they weigh in the review process. Particularly for the water sector, this has lifted questions on outlining climate rationale and matters of attribution in justifying investment needs. This has entailed introducing the climate change lenses to existing sectoral expertise. Closer collaboration has been hailed as highly necessary around the frameworks for results-based payments for REDD+, given multiple initiatives converge around similar activities, such as those under the Forest Carbon Partnership Facility.
- (d) Engagement with private sector actors has broadened the perspective on GCF financial instruments and potential for deployment in unexplored markets or sectors. It has also highlighted the need to continue outreach to private sector both nationally and globally and inform of both the risks posed by climate change as well as the opportunities to pursue climate-friendly investments. Specific interest has been noticed on green bonds, with increasing demand coming from pension funds in developed markets which are mandated to invest in socially responsible and environmentally friendly assets and who view green bonds as an aggregated and risk-appropriate financial instrument for gaining exposure to faster growing economies and climate investments in emerging markets.

14. These engagements have further highlighted the need to strengthen communities of practice so as to both disseminate GCF standards and objectives more widely but also benefit from outside expertise.

UNFCCC and subsidiary bodies

15. Engagement with the UNFCCC addressed the Fund's core mandate as financial mechanism of the convention, enhanced responsiveness to Parties' guidance and promoted the principle of complementarity and coherence within the climate finance landscape. This has included continuous dialogue with:

- (a) UNFCCC and its thematic bodies on responding to Parties' guidance, increasing awareness of the Fund's role in supporting the Convention and the Paris Agreement including Nationally Appropriate Mitigation Actions (NAMAs), Nationally Determined Contributions (NDCs), National Adaptation Plans (NAPs); and
 - (b) Other climate finance delivery channels within the Convention (Global Environment Facility and Adaptation Fund), looking at complementarity and coherence, improved navigability for countries and opportunities for scaling-up.
16. The Secretariat participated in the 2018 NAP Expo 2018 organised by the UNFCCC's Least Developed Countries Expert Group (LEG), the LEG 33 and Expert meeting, meetings of the Warsaw Mechanism on Learning and Development as well as the 31st Meeting of the Adaptation Fund Board. The GCF also co-organized with the TEC and CTCN the first thematic dialogue on boosting climate technology incubators and accelerators in developing countries held alongside the 16th Meeting of the TEC. The Secretariat also participated in the CTCN-organized experts meeting on national systems of innovation in February. As part of the efforts to implement the GCF operational framework on complementarity and coherence, a cross-Secretariat mission met with the GEF, AF and CIFs to define a number of joint targets and objectives.
17. Engagement with LEG representatives both at the LEG meeting and at the 2018 NAP Expo allowed the Secretariat to communicate the status of GCF progress, clarify the Fund's approach to adaptation planning and what it is looking for in quality proposals for impact, and support knowledge sharing among countries on good practices for NAPs. The meetings also explored metrics through which the outcomes of the adaptation planning process can be measured, assessed and used to guarantee political accountability. Meetings of the Least Developed Countries Expert Group on adaptation planning further explored the trade-offs considered in identifying adaptation measures and provided examples of NAP implementation, including on the scope and usage of vulnerability assessments. In terms of access to funding, countries were particularly keen to explore options to work through national delivery partners and the Secretariat clarified that this is in fact an option and opportunity to enhance country ownership and strengthen national capacity.
18. Engagement with the TEC and the CTCN has been an important avenue for inputs to the development of a TOR for the RFP on climate technology incubators and accelerators, mandated by Board Decision B.18/03. The network of expertise and experience with incubators and accelerators has informed the Secretariat's internal working group development of the TOR. This engagement has included experts from outside the UNFCCC system, such as developed country R&D institutions and private sector actors in developing countries. The Secretariat is analysing the lessons learned and best practices of existing initiatives to ensure the RFP TOR is responding to the mandates of the GCF and serving developing country needs.
19. Collaboration with the UNFCCC also covers technical support from the UNFCCC Secretariat to the Fund on the implementation of the GCF REDD+ RBP, as increasingly more countries are submitting their forest reference levels and biennial update reports, which will be the basis of the assessment for the GCF REDD+ pilot programme.

Other climate finance delivery channels

20. The cross-Secretariat delegation to climate finance delivery channels explored options to identify at least 10 practical cases to promote coherence among climate finance delivery channels through joint programming as well as advance collaborative work on knowledge management and development of indicators. Avenues for collaboration were identified by advancing concept notes and funding proposals through the GCF pipeline, looking at opportunities relating to unfunded investment plans, scaling up and parallel financing, and by promoting cooperation on country-driven readiness and other preparatory support requests.

21. Concrete measures are being taken to develop a typology of interactions between the climate finance delivery channels and their respective project cycles, to guide countries in navigating engagements with the climate finance delivery channels and regularise contact to share information on matters relating to coordination of support, indicators, private sector engagement and knowledge management.
22. Engagement with the CIFs will focus on Work through MDBs to identify concrete project ideas from the CIFs unfunded investment plans which are prospective for bringing to the GCF and the Fund is considering possibilities to work with countries to integrate earlier stage concepts into GCF country programmes, where these align with GCF investment criteria.
23. The engagement with other climate finance channels established a foundation for operational cooperation throughout the year and brought divisions across the Fund closer to the objectives of complementarity and coherence. It is expected that collaboration throughout 2018 will lead to the preparation of a joint side event at COP24 that shares progress made in 2017 on complementarity and coherence.

Conclusion and steps forward

24. Cognizant of the large demand for GCF representation at global, regional and national events, the Secretariat has been implementing a strategic outreach plan for 2018 focused on the key deliverable areas. In particular:
 - (a) The Secretariat will continue to create opportunities for a wide range of countries to engage directly and strategically with staff, through regional structured dialogues and strong Secretariat presence at key global events;
 - (b) The Secretariat will continue to provide targeted support to countries through cross-divisional missions and support to advance country programming, maximize the impact of readiness support and champion stakeholder coordination;
 - (c) Cross-divisional engagements with AEs are being planned throughout the year to ensure all matters related to entity relationships are being addressed holistically and early in the project development cycle. It is expected this will also support early engagement with countries and strengthen country ownership;
 - (d) The Secretariat is accelerating its support to the implementation of projects and programmes and is increasingly required to undertake missions to establish monitoring, risk management and audit functions;
 - (e) Building on existing formal or informal partner networks and channels, the Secretariat is undertaking a broad exercise in establishing a GCF approach to communities of practice and concentrating efforts on activity areas that will deliver the greatest impact across its operations;
 - (f) As GCF networks grow, stakeholders across the spectrum of engagement have highlighted an increasing need for further guidance on all GCF funded activities, including readiness, project preparation, funding proposals, methodologies for climate data, and more.