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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 May to 31 August 2018. It summarizes progress against the overarching goals and priorities identified in the Secretariat's 2018 work programme, and tracks 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.

Table of Contents

I.	Introduction	1
	1.1 Executive Summary	1
	1.2 Tracking key fund indicators	2
	1.3 Progress toward goals	4
II.	Activities of the Secretariat during the reporting period	6
	2.1 Strengthening country ownership and readiness	6
	2.2 Growing a paradigm shifting portfolio	8
	2.3 Accelerating implementation and managing results	14
	2.4 Supporting the Board and GCF accountability to the Conference of the Parties	16
	2.5 Lifting accessibility, complementarity and coherence	19
	2.6 Consolidating the Secretariat's capabilities	22
	Annex I: May–August 2018 missions: outcomes and lessons learned	26

I. Introduction

1.1 Executive Summary

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). 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 May to 31 August 2018.

2. The 2018 work programme 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), funded activity agreements (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:
 - (i) Results area guidance;
 - (ii) Requests for proposal (RFPs);
 - (iii) Strategic country work programmes;
 - (iv) Collaborations with other funds through the operational framework on complementarity and coherence;
 - (v) Enhancing the use of regional structured dialogues to develop a robust pipeline of high-quality, high-impact, country-driven projects; and
 - (vi) Increasing 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 the transformational goals of both countries and GCF; 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 accountability of the GCF to the Conference of the Parties (COP) to the United Nations Framework Convention on Climate

Change (UNFCCC); (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 KPIs detailed in the work programme results framework. Reporting under these themes includes the Secretariat's reflections on where it has encountered challenges or learned lessons in implementing the related goals and meeting the KPIs.

1.2 Tracking key fund indicators

4. Table 1 summarizes key indicators tracking operational progress:

Table 1: Summary indicators for reporting period (1 May 2018–31 August 2018)

Funding Proposals		B.19		B.20 ^a		Target Dec. 2018	
Total number of funding proposals approved		Public: 60 (+20)	Total: 76 (+23)	Public: 59	Total: 74	Public: 57–67 (+25–35)	Total: 83–98 (+40–55)
		Private: 16 (+3)		Private: 15		Private: 26–31 (+15–20)	
Amount of funding approved (cumulative USD total)		Public: 2.24 billion	Total: 3.74 billion	Public: 2.15 billion	Total: 3.51 billion	Public: 2.05–2.09	Total: 4.45–4.95
		Private: 1.50 billion		Private: 1.36 billion		Private: 2.4–2.7	
Mobilizing funds at scale	No. of FPs	0		0		4–7	
	Total \$	0		0		450–500 million	
MSMEII approved	No. of FPs	0		0		4–5	
	Total \$	0		0		80–100 million	
REDD-plus approved	No. of FPs	0		0		4	
	Total \$	0		0		Included in public sector total	

Core indicators	B.19	B.20	End August 2018	Target Dec. 2018
AMAs signed	41	42	45	-
FAAs signed	26 ^b	33	41 ^c	-
Projects under implementation and value ^d (USD)	25 (1,148 million)	26 (1,198 million)	31 ^e (1,429 million)	-

Projects receiving disbursements and total disbursed ^f (USD)		18 (155.04 million)	20 (166.8 million)	26 ^g (389 million)	35 (80% projects approved pre-B.18) (750-837 million)				
Core indicators		B.19	B.20	End August 2018	Target December 2018^h				
READINESS	Proposals received & amount requested (million USD)	NAP: 44 (121.87)	Total: 236 (194.64)	NAP: 50 (135.5)	Total: 284 (221.20)	NAP: 58 (157.2)	Total: 297 (248.97)	NAP: -	Total: -
		Non-NAP: 192 (72.77)		Non-NAP: 234 (85.73)		Non-NAP: 239 (91.78)		Non-NAP: -	
	Proposals approved & approved amount (million USD)	NAP: 4 (11.17)	Total: 137 (53.05)	NAP: -12 (32.29)	Total: 185 (86.13)	NAP: 19 (49.54)	Total: 196 (109.41)	NAP: +40 (108)	Total: 220-240 (178-188)
		Non-NAP: 133 (41.88)		Non-NAP: 173 (53.84)		Non-NAP: 177 (59.87)		Non-NAP: +60-80 (70-80)	
	Total amount disbursed (million USD)	NAP: 1.27	Total: 12.30	NAP: 1.27	Total: 19.70	NAP: 9.63	Total: 39.77	NAP: +25-30	Total: +45-55
		Non-NAP: 11.03		Non-NAP: 18.43		Non-NAP: 30.14		Non-NAP: +20-25	
Project preparation facility requests	Requests received & amount (million USD)	42 (30.69)	48 (40.49)	56 ⁱ (56.3)	-				
	No. requests approved & amount (million USD)	3 (2.75)	8 (6.46)	12 (8.8)	33 - 43 (17-18)				
	Total amount disbursed (million USD)	1.65	2.21	4.8	11-15 (+10-14)				

Abbreviations: AMA = accreditation master agreement, B.19 = nineteenth meeting of the Board, B.20 = twentieth meeting of the Board, FAA = funded activity agreement, FP = funding proposal, MSMEII = second phase of the Micro, Small and Medium-sized Enterprise Programme, NAP = national adaptation plan.

- ^a The reported figures from the twentieth meeting of the Board take into account the lapse of the approval for two projects (FP020 and FP030) since B.20.
- ^b One funding proposal (FP028) has two FAAs, so the number of signed FAAs is one number higher than the projects with signed FAAs.
- ^c FP026 has two FAAs corresponding to two AEs attached to the project; only one of the two FAAs has been signed.
- ^d This refers to projects that have reached FAA effectiveness. The value refers to the GCF funded amount.
- ^e This figure excludes FP026, which has two AEs, as part of this project has not yet started implementation yet the pending AMA effectiveness (but the other part is under implementation and USD 0.8 million was disbursed). Please note that the value in the bracket includes the portion of GCF funding (USD 18.5 million) for which the FAA has been signed. The number of FAAs signed (41 FAAs) also includes the FAA mentioned in the previous sentence. This project will be fully considered as being under implementation once both parts of the project start implementation.
- ^f Including accredited entity fees.
- ^g This figure excludes FP026, but the value includes USD 0.8 million for the part of FP026 which has commenced disbursement.
- ^h Targets indicate the cumulative amounts as well as additional numbers to the B.18 baselines.
- ⁱ Of these, 37 are active proposals.
- ^j This includes the amounts from withdrawn and dormant proposals.

1.3 Progress toward goals

1.3.1. Strengthening country ownership and readiness

5. The Secretariat's continued focus on improving the delivery of the readiness programme has seen a significant acceleration in disbursements for both national adaptation plan (NAP) and non-NAP windows over the reporting period. With a view to strengthening the programme's effectiveness and impact, the Secretariat also started implementing a number of recommendations from the initial review conducted earlier in 2018, including producing a new Readiness Guidebook with better defined indicative outputs, and adopting a theory of change. More comprehensive measures are being developed and are expected to be advanced into 2019, informed by the findings of the independent evaluation of the Readiness and Preparatory Support Programme.

6. Over the reporting period, the Secretariat also progressed a request for proposals to provide targeted technical support for countries to develop high quality country programmes, and continued delivering pre- and post-accreditation support to DAEs. The annual Empowering Direct Access Workshop and the third Structured Dialogue with the Pacific were major events allowing the Secretariat to provide information and support to DAEs and countries and promote the development of high quality, country-driven funding proposals.

1.3.2. Growing a paradigm-shifting portfolio

7. In light of decisions taken at B.20, the Secretariat engaged with accredited entities (AEs) to manage a growing funding proposal pipeline based on the Board's financial planning guidance. This included the early strategic screening of funding proposals by senior management and a review of all funding proposals against both the investment criteria and Board guidance on "balancing commitments". Drawing on this experience – which showed a growing number of funding proposals fully satisfy the GCF criteria – the Secretariat developed an analysis of options for the management of commitment authority for the Board's consideration at B.21.

8. In parallel, the Secretariat progressed work to strengthen climate rationale across all GCF operational modalities, further refined the integrated policy package, advanced work on sectoral guidance and continued to promote concept note programming. This effort is showing results, with over 70 per cent of funding proposals targeted for consideration at B.21 and B.22 developed from concept notes and are of overall higher quality. The Secretariat also intensified its effort to support project preparation, including through deploying on-request technical

assistance to DAEs to strengthen their concept notes and Project Preparation Facility (PPF) applications. The varied quality of project concepts continues to be one of the key barriers to increasing the rate of PPF approvals.

9. Over the reporting period, the Secretariat took further measures to fully operationalize and socialize the simplified approval process (SAP) and to advance the pipeline under the REDD-plus results-based payment (RBP) RFP. Challenges have persisted in progressing funding proposals under RFPs relating to mobilizing fund at scale; micro, small and medium-sized enterprises (MSMEs); and enhancing direct access (EDA), where reforms to accreditation are needed to unlock the full potential of the RFPs. The total portfolio number and volume was reduced over the reporting period due to the lapsing of Board approval for two projects.

1.3.3. Accelerating implementation and managing results

10. Good progress was made over the reporting period in moving additional projects to implementation. As at 31 August 2018, a total of 31 projects were in implementation (up from 25 at B.19) and 26 received a total of USD 389 million in disbursements (up from 18 at B.19). The Secretariat is continuing to revise disbursement projections on a quarterly basis and, at the end of the second quarter of 2018, is projecting cumulative disbursements in the range of USD 531–716 million by the end of 2018. This number will be affected by any extensions in deadlines for FAA execution, FAA effectiveness and first disbursement.

11. The Secretariat completed the review of 18 annual performance reports (APRs) and will submit its first annual portfolio performance review (PPR) to the Board at B.21. While the activities covered in this initial round of performance reporting are largely preparatory, with limited reporting by AEs to date of actual impacts, the Secretariat will use the exercise as a learning experience to refine its approach for future reporting cycles. The Secretariat also made progress in evolving the performance management framework, taking into consideration lessons learned from other climate finance delivery channels, and took further steps to fully operationalize the risk management framework.

1.3.4. Supporting Board and GCF accountability to the Conference of the Parties

12. Over the reporting period, the Secretariat continued to provide support for the Board, Co-Chairs and related processes, including communications related to decisions taken between Board meetings. Following requests emerging from B.20 to enhance support for Board consultations, the Secretariat implemented a new document consultation process involving the early socialization of key drafts and an online review and comment system. In parallel, the Secretariat elaborated a procedure through which AEs will be consulted on new or amended rules, policies or procedures applicable to AEs, in line with provisions under the AMAs of AEs.

13. During the reporting period, the Secretariat submitted the seventh annual report of the GCF to the COP, had an active programme of engagement during the meeting of the subsidiary bodies in Bonn, Germany, and organized a virtual retreat between GCF and the UNFCCC secretariats. Outcomes of these meetings are informing the Secretariat's preparations for the twenty-fourth session of the COP (COP 24). The Secretariat also supported the implementation of Board decisions on the selection of a Permanent Trustee and prepared for the Board's consideration of a paper on the process for the first formal replenishment of GCF.

1.3.5. Improving accessibility, complementarity and coherence

14. The Secretariat continued to engage in a series of international events and undertake missions to improve the dissemination of information about GCF, engage stakeholders and build the global profile of GCF. Under a new Director for External Affairs, steps have been taken to fully resource the Division of External Affairs (DEA) and expand both the communications and the partnerships and engagement functions. The Secretariat made enhancements to the GCF website to improve accessibility, including publishing individual country profiles, new pages,

microsites for the independent units, as well as a new homepage focused on impact messaging. An online submission portal for the SAP was also developed, along with associated training and webinars for AEs and NDAs.

15. In parallel, work has advanced to operationalize the framework on complementarity and coherence, with a joint GCF-Global Environment Facility (GEF) event signalling strong country interest in harmonized programming. Following mandates from B.20, the Secretariat has also kick-started outreach to countries to identify scope and opportunities for joint programming with the Climate Investment Funds (CIFs).

1.3.6. Consolidating the Secretariat's capabilities

16. Noting that throughout July and August 2018 the Secretariat has operated in the absence of an Executive Director, the Deputy Executive Director, on the advice of the Office of the General Counsel, has taken necessary and authorized steps to ensure the ongoing operation of GCF. The Secretariat continued to monitor performance against its 2018 results management framework, and through cross-Secretariat collaboration, developed a proposed Secretariat work programme and budget for 2019 for Board consideration.

17. Progress has also been made towards building the GCF knowledge management function through the hiring of a knowledge management manager in the Office of the Executive Director and the initiation of work to establish a comprehensive knowledge management system. The Secretariat has also taken steps to develop communities of practice to allow GCF to draw on the best global expertise to inform its operations and strategies across results areas and sectors.

18. Strong headway was made towards reaching Board-approved staffing levels, and a series of initiatives have been put in place to support staff learning and development, including a Secretariat-wide training plan. Separately, a number of human resources processes have been automated, along with a series of improvements to the Secretariat's information and communications technology (ICT) infrastructure.

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

19. Beyond the targets and milestone markers of the established readiness activities, the GCF Secretariat looked to further expand and improve its support programmes. Following the initial review completed at the end of 2017 by an external party (Dalberg Global Development Advisors), presented in document GCF/B.19/32/Add.01, the Secretariat addressed the recommended work streams when developing the work plan for 2018. Key outcomes achieved from those recommendations for the programme included: identifying a theory of change; improved organization, structures and processes for efficiency; increased capacity with recruitment of off-site specialized advisors on adaptation and project preparation; and the publication of an updated Readiness Guidebook. The updated Guidebook has been positively received, providing clearer and more accessible guidance on the programme, and the Secretariat is in the process of making the Guidebook available in multiple languages.

20. One important area of progress has been the further alignment of adaptation planning support with the cycle of GCF programming, including building on country programmes, deepening the evidence base and planning for identifying climate rationale in project pipelines. Additional detailed information can be found in an upcoming Progress and Outlook Report of the Readiness and Preparatory Support Programme (under preparation).

2.1.2. Improving delivery and predictability of readiness funding for countries

21. The Secretariat has seen a steady demand for readiness resources and a substantial increase in proposal disbursements across all readiness windows throughout the reporting period. Detailed information on achievements, challenges faced and lessons learned, along with measures undertaken by the Secretariat to address them, is contained in an upcoming Progress and Outlook Report of the Readiness and Preparatory Support Programme (under preparation).

2.1.3. Targeting country engagement for strengthened results

22. Targeted country engagement in 2018 involved strategic engagement missions to some of the regions, the outcomes of which are further outlined in annex I to this report.

23. In particular, GCF Structured Dialogues created the required space for countries to present and discuss potential project/programme ideas to be funded with GCF support. In the GCF Structured Dialogue with the Pacific (Pohnpei, Federated States of Micronesia, 30 July to 2 August 2018) for instance, sixteen countries shared 28 potential project/programmes. The GCF resources requested for these ideas total USD 2.48 billion, and more than 70 per cent of them are expected to be led by DAEs, including a private sector DAE. Emerging priority themes among these project ideas are: (i) strengthening health, food security and resilience to hazards; (ii) scaling up renewable energy generation and energy efficiency measures; (iii) ecosystem-based adaptation; and (iv) low-carbon transport.

2.1.4. Delivering high-quality strategic country programmes

24. In addition to its targeted country engagements to support country programming processes, the Secretariat is publishing country programming guidelines and increasing its capacity to provide targeted technical assistance to countries that wish to enhance their programming processes. To this end, it is approaching the final stages of procuring external technical support to assist countries as they develop their country programmes.

25. The Secretariat is also working on policy documents for the Board's consideration that would strengthen the climate rationale, baselines and other important policies of GCF, further enhancing guidance made available to GCF stakeholders.

2.1.5. Building coherence between country and accredited entity work programming

26. The Secretariat is utilizing engagement with both countries and AEs to promote greater coherence between country and AE work programming.

27. The Secretariat is continuing to strengthen synergies between countries and AEs through deepened engagement. While discussions on strategic programming with NDAs and AEs take place on an ongoing basis, the Secretariat paved the way for in-depth programming through in-person discussions at specific occasions. Those include structured dialogues (Structured Dialogue With the Pacific), and various missions (including the mission to the African Development Bank Group Annual Meetings in Busan, Republic of Korea). The Empowering Direct Access Workshop 2018 also provided a space dedicated to direct access AEs and their relevant NDAs, working together to further align their priorities and pipeline for GCF as well as exploring readiness support options.

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

28. 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, the provision of institutional gap

assessments and action plans, the online accreditation self-assessment tool¹ and engagement of a roster of institutions that will provide technical and capacity-building support to both the applicant and accredited DAEs in environmental, social and gender aspects.

29. Since 30 April 2018, an additional three DAEs (Micronesia Conservation Trust, Secretariat of the Pacific Regional Environment Programme, Fiji Development Bank) 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.21/17 titled “Consideration of accreditation proposals”.

2.1.7. Facilitating the accreditation of entities

30. As at 31 August 2018, 59 entities had been accredited to GCF, consisting of a balance of 32:27 (54 per cent:46 per cent) in the number of DAEs and international access entities accredited. An additional 85 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 30 applications, including 9 entities that were recommended by the Accreditation Panel for the Board’s consideration at B.20, but deferred to consideration at B.21, were under review by the Accreditation Panel (second stage of the accreditation process). Noting that the Board decisions on a prioritization of accreditation applications expired by the end of B.20,² the Secretariat aims to bring forward to B.21, entities that contribute to the achievement of a balance of diversity, including equitable representation of different geographical or regional areas in line with decision B.10/06, paragraph (h).³ Further details are contained in document GCF/B.21/17 titled “Consideration of accreditation proposals”.

2.2 Growing a paradigm shifting portfolio

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

31. The Secretariat continued its review of funding proposals, re-examining B.20 funding proposals in light of the Board’s decisions on financial planning and reviewing new funding proposals from the growing GCF pipeline. In addition to funding proposals in the pipeline, the Secretariat has received 41 new funding proposals from AEs and NDAs during this reporting period, which are at different review stages of completeness check and second-level due diligence.

32. The Secretariat has continued to take 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 also closely linked to the ongoing work on addressing policy gaps for funding proposals and developing an integrated package of

¹ The tool, developed with the 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>>.

² In decision B.19/13, the Board decided to “extend the prioritization of entities applying for accreditation in accordance with decision B.14/08, paragraph (d)(i), until the end of the twentieth meeting of the Board”.

³ Decision B.10/06, paragraph (h) states that the Board “also decides that, recalling decision B.06/06 and pursuant to decision B.09/07, paragraph (g), the Secretariat will actively support applications for accreditation received from subnational, national and regional public and private sector entities in order to ensure a balance of diversity, including between entities under the direct access and international access modalities, in the list of entities being considered for accreditation by the Board.”

funding proposal policies and a subset of targeted efforts meant to strengthen the climate rationale of all GCF-funded activities.

33. The Secretariat has also contracted external support for the development of an Investment Criteria Scorecard, which is intended to support internal reviews of funding proposals and ensure early alignment with the six GCF investment criteria. It is expected that the Scorecard will be finalized by the end of the year.

34. In an effort to improve operational efficiency and simplify GCF processes, the Secretariat has kick-started work on procuring technical support services to evaluate and review the GCF second level due diligence processes, with a view to simplifying and streamlining processes and fill existing gaps.

2.2.2. Strengthening concept note review as an input to programming

35. In addition to the concept notes considered during 2017, during the reporting period the Secretariat has been engaged on an additional 36 concept notes, including eight SAP projects, from AEs and NDAs. The secretariat has instituted an early senior management review providing input to strengthen funding proposals concepts, focused on critical matters related to climate rationale, paradigm shift potential and country ownership. The 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.

36. Currently, 73 per cent of funding proposals targeted for B.21 and B.22 were developed from concept notes submitted by AEs and countries, which went through Secretariat evaluation and feedback. In addition, those funding proposals coming from concept notes were of much better quality and required a smaller number of revisions. This demonstrates that early review of concept notes is instrumental in building good quality funding proposals. Furthermore, many of the concept notes submitted to the Secretariat were direct outcomes of discussions held with AEs and NDAs during GCF Structured Dialogues. The Secretariat expects that the review of 36 concept notes during the reporting period will result in the submission of good quality funding proposals over the next 12 months.

2.2.3. Building pipeline quality through the Project Preparation Facility

37. The Secretariat is currently processing a pipeline of 37 active PPF applications with associated project concepts and no-objection letters from the respective NDAs.⁴ As at 31 August 2018, 15 PPF applications have been approved or endorsed (12 approved and 3 endorsed for approval pending final conditions) to strengthen project/programme concepts into full funding proposals.

38. Decision B.13/21 indicates the PPF is eligible to all AEs, especially DAEs. Of the 37 active PPF applications, 23 PPF applications (representing 60 per cent of the total) have been submitted by 11 different DAEs to date, while 15 applications (representing 40 per cent of the total) have been submitted by 8 different international AEs. The current USD value of approved PPF applications is 74 per cent for DAEs and 26 per cent for international AEs. It is also noteworthy that of the 19 withdrawn or dormant PPF applications, 15 were from international AEs and only 4 were from DAEs.

39. PPF work touches on several Secretariat goal components, including strengthening country ownership, as well as efforts to assess and articulate the climate impact of proposals in order to build a paradigm shifting portfolio. The Secretariat has continued to increase the pace of the review of underlying project concept notes and their associated PPF applications by further streamlining the feedback provided by different complimentary functions across the

⁴An additional 19 PPF applications were previously submitted, which have either been officially withdrawn by AEs or NDAs or otherwise gone dormant with no correspondence from AEs or NDAs for over 6 months.

institutions. In doing so, steps have been taken to ensure review and linkages with regards to country and entity work programmes, as well as other readiness activities.

40. A key barrier to increasing the pace of review and number of PPF applications approved is the varied quality of project concepts and their eligibility vis-à-vis GCF investment criteria. In understanding this barrier, it is useful to note that of the 22 PPF applications not yet approved or endorsed, 14 are pending clearance of their associated underlying project concepts having sufficient potential vis-a-vis GCF investment criteria to enable PPF support for preparing a funding proposal. To help AEs overcome this barrier of concept notes having sufficient potential vis-à-vis GCF investment criteria, the Secretariat is providing limited upstream technical assistance to DAEs upon their request for strengthening their concept notes and associated PPF applications. Furthermore, the Secretariat has developed partnerships and supported knowledge-sharing and training workshops with specific sectoral or subregional focuses, including with South-South learning approaches, to help DAEs and NDAs strengthen specific project concepts and PPF applications. Examples include a DAE training workshop for Asian entities led by the Government of Bangladesh, a training workshop by the Asian Institute of Technology, and a training workshop for project design in the water sector for African DAEs by the Global Water Partnership. It is important to note that all of these events that supported DAEs and GCF project pipelines were funded by sources other than GCF.

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

41. With the intention of providing dedicated support to DAEs, the Secretariat continued to conduct missions to countries from April 2018. Five DAEs (Infrastructure Development Company Limited, Palli Karma Sahayak Foundation, FDB, SPREP and MCT) received targeted support (e.g. AMA negotiation and finalization, finalization or update of their entity work programme, and development of the pipeline of projects or programmes for GCF) and technical assistance on project preparation through country missions.

42. Efforts have been made to encourage direct access entities to submit proposals under the EDA pilot scheme. In addition, dedicated sessions have been organized during regional structured dialogues to explain the modalities of EDA to interested DAEs. The Secretariat has also been working internally to set up a dedicated cross-division EDA task force to further streamline activities related thereto and to provide better support to AEs in developing EDA proposals.

43. The Secretariat also held its annual EDA workshop from 29 May to 1 June 2018 with an objective to enhance the capacity of entities in programming. The workshop was successful in creating a platform for peer-to-peer learning and encouraging direct access AEs to continue to update their entity work programme (EWP) briefs and generate 19 new project ideas, totalling 35 potential projects, including previously submitted concept notes and funding proposals. The Secretariat provided initial feedback with an objective to assist direct access AEs in their development of these ideas into potential, high-quality funding proposals. The workshop also triggered interest and requests from direct access AEs and their countries vis-à-vis their NDAs who also attended the workshop on PPF applications as well as readiness proposals. The Secretariat also engaged with direct access AEs in reviewing and providing guidance on advancing their pipeline of funding proposal concept notes, associated PPF applications and readiness proposals, addressing matters related to conditions of accreditation, and upgrading their accreditation scope, accreditation master agreements and funded activity agreements. In addition to the direct access AEs, direct access entities in Stage II (Step 1) Accreditation Panel review as at 30 April 2018 were invited to participate in the workshop to observe and learn from how direct access AEs programme with GCF.

2.2.5. Enhancing strategic engagement with international accredited entities

44. 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 regular engagement includes in-person meetings, either on the sidelines of regional structured dialogues or through targeted missions. The Secretariat engaged strategically with three international AEs – Agence Française de Développement (AFD), African Development Bank (AfDB) and the Asian Development Bank (ADB) – throughout the reporting period.

45. The Secretariat conducted a strategic high-level mission to the ADB from 18 to 19 June 2018, bringing together senior staff members from both institutions. This mission paved the way for a strengthened cooperation between the ADB and GCF by improving their working relationship across a broad range of activities, both at the strategic and operational level. Next steps have been identified to carry out this work, including through the identification of pilot countries for early and enhanced engagement, the implementation of a staff exchange programme, among other things. Active steps are currently being taken by the Secretariat to follow up on the mission's outcome. Further details are available in annex I of this document.

2.2.6. Promoting uptake of the simplified approval process

46. Within the reporting period, several activities have been implemented and are under implementation to promote the uptake of the SAP and increase the quality at entry of the SAP proposals.

47. Capacity-building, communications and outreach activities were undertaken through webinars. Eight webinars were delivered from May till August 2018 in collaboration with United Nations Institute for Training and Research (UNITAR). Six webinars focused on the SAP process, covering different time zones and languages (English, Spanish and French). Three other webinars specifically targeted the AEs and NDAs and focused on training them on the use of the upcoming SAP Online Submission System (OSS) and AE Portal. These webinars were attended by 550 participants, most of them from developing country institutions, AEs and prospective AEs. The feedback from the participants who were asked to evaluate the webinars organized showed interests and demand for further e-learning events to be organized on the SAP.

48. SAP training sessions were featured during the Direct Access Workshop in Songdo (May) and the Pacific Structured Dialogue. A communication strategy for SAP was developed and an RFP was launched (July 2018) to procure the service needed to develop communication material, infographics, videos, e-learning and other products.

49. Another RFP was launched in May to procure services to support DAEs in the development of SAP proposals and content for the training and to kick start the SAP review requested by the SAP decision.

50. Following the publication of a specific simplified template for SAP funding proposals and examples of the project annexes in May, an innovative SAP OSS is at its final stage of development. It is envisaged to be launched by the end of 2018. The SAP OSS will allow AEs and NDAs to submit SAP concept notes and funding proposals online while using a set of e-tools that will increase the speed, accountability and the efficiency of the submission and review process.

51. Currently the Secretariat is working on producing guidelines on how to develop SAP funding proposals using both the traditional submission system and the SAP OSS. Further training will be organized for the AEs and NDAs to increase the quality of SAP submissions. An information event at COP 24 is being planned to increase knowledge and awareness of the benefits of the SAP for mobilizing climate finance.

52. Detailed information on the SAP pipeline is reported in the Status of the GCF pipeline document. Since the launch of the SAP at COP 23, one project submitted by the Environmental Investment Fund Namibia was approved by the Board at B.19. As at the reporting date, the SAP

pipeline consisted of a total of 24 public and private sector concept notes and funding proposals, with total requested GCF funding of USD 217 million and almost USD 360 million of total finance, when taking co-financing into account.

53. Of the 24 proposals in the SAP pipeline, 22 are public sector proposals consisting of 16 concept notes and 6 funding proposals. One concept note and 1 funding proposal are from the private sector. Fifty-nine per cent of the requested GCF funding is from DAEs and NDAs. SAP proposals targeting adaptation results account for 48 per cent of the volume of finance requested; cross-cutting proposals account for 39 per cent and the remaining 13 per cent tackles mitigation.

54. The SAP pipeline is rapidly growing, and an increase of SAP submissions is expected throughout 2019. It is expected that the USD 80 million of approved SAP funding proposals, which triggers the SAP review, can be achieved by B.22.

2.2.7. Advancing REDD-plus results-based payments

55. The Board approved an RFP for REDD-plus results-based payments with an initial envelope of USD 500 million (see decision B.18/07). In response to this Board decision, the Secretariat has been working with countries to bring forward high quality proposals through this pilot programme. The secretariat also released a dedicated webpage on REDD-plus which includes all relevant documentation and templates⁵ and provides frequent orientation to countries on the requirements for applying to the pilot programme.

56. As of the date of this document, three REDD-plus results-based payments concept notes have been received and two complete funding proposals have been submitted to the secretariat. It is expected that the complete proposals will be brought to the Board for consideration at B.21 and B.22. Notably, the REDD-plus results-based payments pilot has motivated private sector interest on REDD-plus investments. In that sense, the Secretariat is also discussing two private sector proposals that build on the procedures approved by the Board on the pilot programme for REDD-plus results-based payments with the possibility to be presented for Board consideration at future meetings.

2.2.8. Maximize private-sector engagement, including through dedicated micro, small and medium-sized enterprises and Mobilizing Funds at Scale pilots

57. Over the reporting period the Secretariat has advanced work toward developing the Fund's private sector strategy. The Secretariat engaged the services of the Center for Clean Air Policy (CCAP) and Climate Finance Advisors (CFA) to assess the work of DPSF, the needs of the private sector, and the opportunities and issues raised by the GCF's unique mandate and business model in developing a forward looking strategy for future private engagement. This strategy, which will be presented to the Board by mid-2019, could support the Board's consideration of an update to its Strategic Plan and also provide useful support for replenishment discussions.

58. Separately, significant work has been done over the reporting period to prepare for the GCF's inaugural Private Investment for Climate Conference, which will be held in Incheon in October 2018 in conjunction with the Global NDA conference. The Secretariat also supported and attended the August meeting of the Private Sector Advisory Group, which focused on discussing and completing the drafting of the Board-mandated paper on enhancing private sector activities in the forestry sector. The meeting was also attended by sectoral experts, forestry-focused AEs, and an active CSO observer.

59. Since the launch of the 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

⁵ Available at <www.greenclimate.fund/redd>.

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 has been constrained by an initially limited pool of accredited entities oriented toward working with SMEs, with XacBank being the lead proponent. Since then, a number of AEs have been accredited with an SME focus, generating improved prospects for uptake. As such, a proposal to launch a second tranche of the MSME RFP may be presented to the Board in 2019.

60. The Mobilizing Funds at Scale RFP was launched in May 2017 and attracted 350 submissions from more than 70 countries with estimated GCF-requested financing of over USD 18 billion. Following a review of all proposals undertaken in accordance with criteria set out in the RFP, a shortlist of 30 projects requesting an aggregate of USD 2.8 billion were selected and a summary published on the GCF website. Of these 30 concept notes, 7 have been submitted through AEs and twenty-three by non-AEs. The Secretariat currently estimates a minimum of 2 proposals will be presented for approval at B.22 with an aggregate request for GCF funding of between USD 100–200 million. A major constraint in advancing more projects has been securing accreditation for the project proponents or finding existing AEs to sponsor them.

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

61. Following the adoption of the Environmental and Social Policy as well as the GCF Indigenous Peoples Policy, further work has been carried towards drafting the implementing guidelines of the policies. Draft implementing guidelines for the Indigenous Peoples Policy have been developed and consulted on with stakeholders. In addition, the development of the Environmental and Social Management System (ESMS) manual and guidance have started with the draft Guidance Note on Stakeholder Engagement being finalized and ready for publication and dissemination. Following decision B.19/10, paragraph (c), external resources are being engaged to help craft the approach paper for the development of the GCF Environmental and Social Standards (ESS) standards. The approach paper will propose the process for review and formulation of ESS standards for the Board to consider.

62. In response to a Board mandate 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, 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.21/Inf.01 titled “An integrated approach for addressing policy gaps to ensure climate impact: an overview of policies related to the consideration of funding proposals”. This document was published for consideration at B.20. It has since then gone through modifications along with the rest of policy papers for consideration at B.20 to reflect comments received from the Board.

63. In decision B.18/04, paragraph (a), the Board also 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 was prepared for the Board’s consideration at B.20 (document GCF/B.20/17) but was deferred for consideration at B.21. The Secretariat is presenting a revised set of recommendations on improving the existing institutional accreditation framework and proposal for the project-specific assessment approach for the Board’s consideration at B.21.

64. The Secretariat has also advanced a procedure through which GCF will operationalize a consultation process with AEs in line with the “Changes to Policies and Procedures” clause of the AMA before proposed new rules, policies, procedures (including standards) or proposed amendments that are applicable to AEs are submitted to the Board for approval.

2.2.10. Actions taken to include gender considerations in GCF activities

65. 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. 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 AEs 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: (i) identify specific gender related interventions that need to be included in project activities; and (ii) determine how the project or programme can respond to the needs and priorities of women and men in view of the specific climate change issue to be addressed.

66. Gender-related activities are being integrated into the Readiness and Preparatory Support Programme. This is done with resources dedicated to NDAs to implement various activities including developing participatory and inclusive strategies, enhancing multi-stakeholder processes especially at the grassroots level by ensuring the involvement in consultations of women-led organizations and representatives from indigenous peoples organizations and conducting gender-sensitive stakeholder consultations and analyses, thus contributing to the development of 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

67. As at 31 August 2018, the Secretariat had signed 45 AMAs with AEs, which represent 76 per cent of all entities accredited by the Board. AMAs have been agreed with three entities and are pending signature. Negotiations with another 11 entities accredited by the Board are ongoing and are at different stages of progress. The Secretariat has signed 41 FAAs for 40 funding proposals approved by the Board, which represents 54 per cent of all approved funding proposals.

68. Of the 40 projects that have executed FAAs, 8 public sector projects have signed FAAs between May and August 2018. A further 12 projects are currently at the FAA negotiation stage. The large number of projects under FAA negotiations is attributed to the record number of projects approved at B.19, as well as the triggering of AMA effectiveness by the Inter-American Development Bank and Corporación Andina de Fomento, which have 7 approved funding proposals between them.

69. Further details on the status of AMAs and FAAs can be found in the related limited distribution document (see document GCF/B.21/21/Add.01).

2.3.2. Accelerating project implementation and disbursements

70. Since the first consideration of funding proposals at its eleventh meeting (B.11) in November 2015 until its twentieth meeting (B.20), the Board had approved USD 3.5 billion to support 74 projects⁶ in 78 developing countries. The number of projects that have started

⁶ FP020 and FP030 from the Inter-American Development Bank have lapsed as at 28 July 2018, resulting in a decrease in the number of approved projects from 76 to 74 and the amount of approved GCF funding from USD 3.7 billion to USD 3.5 billion.

implementation has increased over the past two years. While one project had started implementation by the end of 2016, the number of projects under implementation increased to 19 by the end of 2017. As at 31 August 2018, it has reached 31, accounting for 42 per cent of the 74 approved projects. The 31 projects under implementation are worth over USD 1.4 billion in GCF funding (41 per cent out of the total) and spread over 37 developing countries. At the end of the second quarter of 2018, it is expected that 47–54 projects worth about USD 2.1–2.4 billion will be under implementation by the end of 2018.⁷

71. Disbursements totalling USD 372 million, excluding AE fees of USD 17 million, have been made for 26 out of the 31 projects under implementation. Of that amount, USD 283 million (76 per cent) has been disbursed for 6 private sector projects, and USD 89 million (24 per cent) for 20 public sector projects. As at the end of the second quarter of 2018, projected cumulative disbursements in the GCF portfolio were expected to be between USD 531 million and 716 million by end 2018.⁸

72. The Office of Portfolio Management (OPM) launched portfolio dashboards for funded activities in February 2018 and the Readiness and Preparatory Support Programme in June 2018. These are being used for reporting on legal arrangements, implementation progress, and major issues and challenges facing the current portfolio to the weekly Senior Management Team (SMT) meetings. Since February 2018, OPM also started assuming a role in chairing internal bi-weekly meetings where relevant divisions, offices and units discuss legal arrangements and implementation progress for funded activities through the medium of the portfolio dashboards based on risk flags.

2.3.3. Reviewing results and enhancing results management

73. In line with the reporting requirements established in the monitoring and accountability framework (MAF) and the AMA, the Secretariat received 18 APRs related to the projects under implementation as at end of 2017. After completing the review initiated earlier this year, which included additional information requests and clarifications from the AEs, the Secretariat is presenting the first PPR to the Board at B.21. In this regard, the PPR presents an annual review of the portfolio of projects under implementation for the reporting period ending 2017 based on information received via the periodic reporting from AEs. The report also presents the main challenges and lessons learned derived from the initial reporting cycle corresponding to the first year of implementation, as well as proposed actions at the Secretariat's level for the next reporting cycle.

74. Following the comparative analysis of adaptation and mitigation on KPIs and methodologies used by other climate finance mechanisms, the Secretariat produced a Board document "Update on the further development of some indicators in the performance measurement frameworks" (GCF/B.20/Inf.01), which summarized the key findings of the comparison and harmonization exercise along with illustrative examples of adaptation and mitigation KPIs and methodologies that could be adopted by the Board.

2.3.4. Operationalising the risk management framework

75. Building on the risk management framework (RMF) adopted at B.17 and B.19, the Secretariat has been developing further components of the framework including the (i) compliance risk policy; and (ii) legal risk policy. The Secretariat has also begun initial discussions with an external consulting firm to develop the risk control self-assessment process. The Secretariat worked jointly with the Independent Integrity Unit in the development of standards for the implementation of the Anti-Money Laundering and Countering the Financing

⁷ The projected numbers are likely to go down for the next projection at the end of third quarter of 2018 due to the extensions of deadlines for FAA execution, FAA effectiveness and first disbursement for the reporting period.

⁸ Ibid.

of Terrorism Policy. Analytical tools such as the risk rating/scoring models have also been progressed and will provide improved support for investment decision-making.

76. 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. Following up on decision B.19/04 to publish the updated Risk Dashboard every quarter, the Secretariat has produced the second publication of the Risk Dashboard in August 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 financial 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. ORMC also worked with other divisions and offices to enhance the guarantee product and to formulate a cash investment policy. A series of compliance-related matters have also been progressed, including: the development of the Anti-Money Laundering and Countering the Financing of Terrorism (AML/CFT) standards with IIU, development of conflict of interest framework for the Secretariat, development of proposed financial declaration processes, and procurement of AML/CFT and compliance training software.

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

77. During the reporting period, the Secretariat, led by the Office of Governance Affairs (OGA), provided support to the Co-Chairs in the preparation and running of B.20 and the preparation for B.21. 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 ensuring the timeliness of Board document preparation and publication. Such work also included facilitating consultations with the Board on key documents through voluntary briefings and webinars, facilitating the organization of replenishment consultations, managing changes in the membership of the Board, and other tasks. Further information on these efforts is provided in document GCF/B.21/Inf.14 titled "Report on the activities of the Co-Chairs".

78. In the weeks before B.20, the Secretariat was active in providing support to the Co-Chairs and the Board on policy and institutional matters. Following the issuance of Drf.01 of the B.20 provisional agenda, the Secretariat produced 41 documents for the consideration of the Board at B.20 along with 11 funding proposals, including two SAP proposals. The Secretariat also assisted the Co-Chairs with the transmittal of decisions proposed between meetings (see below) and relevant follow-up tasks during and after the no-objection periods.

79. During B.20, the Secretariat supported the Co-Chair in the running of the meeting, providing operational, logistical, and substantive support. After the meeting, the Secretariat produced and published the compendium of decisions adopted at B.20, as well as the B.20 meeting report.

80. Between B.20 and B.21, following decision B.20/01 in which the Board requested the Co-Chairs to consult with Board members on matters relating to the preparations for B.21, and at the request of the Co-Chairs, the Secretariat developed document consultation guidelines and procured a web-based collaborative document review platform to aid in Board consultations of documents to be presented for consideration at B.21. The Board was invited to provide comments on several draft documents between 13 to 29 August 2018, and the feedback was taken into account by the Secretariat prior to the publication of the final drafts.

81. The Secretariat also facilitated the issuance of decisions proposed for approval by the Board between B.19 and B.20, and between B.20 and B.21. During the reporting period, three

decisions were proposed before B.20, and eight were proposed between B.20 and B.21. More information is provided in document GCF/B.21/Inf.17 titled “Board decisions proposed between the twentieth and twenty-first meetings of the Board”.

2.4.2. Supporting the Board in implementing decisions related to arrangements for the initiation of the replenishment process and selection of a Permanent Trustee

82. In relation to arrangements for replenishment, the Secretariat has supported the Board by preparing for its consideration at B.20 a paper on the process for the first formal replenishment of GCF. The Secretariat also prepared related papers on the status of the initial resource mobilization, policies for contributions from philanthropic foundations and other alternative sources, and an analysis of options for the financial planning of the commitment authority of GCF.

83. According to decision B.19/03, the approved advertisement for the procurement of the Permanent Trustee was posted on the Economist print version (21–27 April 2018 edition) and on the GCF website with deadline of 14 May 2018. As at end of 14 May 2018, the Secretariat did not receive any expression of interest that is answerable to the terms of reference of the Permanent Trustee. To make every effort to fill the task of selecting a Permanent Trustee through this open and competitive process, the Ad Hoc Trustee Selection Committee extended the deadline on the GCF website until 18 June 2018. As of 19 June 2018, no response was received by the Secretariat, and the Ad Hoc Trustee Selection Committee requested the Secretariat to implement the Limited Tender Process, in accordance with the GCF procurement procedure (see decision B.19/03, annex II, para. 5). The Committee instructed the Secretariat to invite the 11 international multilateral financial institutions to tender for/express interest in becoming the Permanent Trustee of GCF.

84. The invitations for expression of interest for the permanent trustee were sent to the 11 international multilateral financial institutions on 27 July 2018 with a deadline of 10 August 2018. As at 10 August 2018, one institution responded with interest to continue to provide services, five institutions responded that they could not participate, and five institutions did not respond. In light of the result of this Limited Tender Process, the Ad Hoc Selection Committee is considering the recommendation to be submitted to the Board at B.21.

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

85. During the reporting period, the Secretariat prepared the draft of the seventh annual report of the GCF to the COP. It includes an overview of GCF progress in relation to COP guidance, inter alia, on disbursement of resources, the status of readiness support provided, the current status of the SAP, support for DAEs and forest-related actions. The document was presented to the Board at B.20. Taking into account feedback received by the Board, the report was submitted to UNFCCC in September 2018 in line with the official UNFCCC deadline. An addendum reflecting outcomes of B.21 will be prepared for COP 24 to inform Parties regarding the latest developments of GCF operations.

86. Following the joint Technology Executive Committee (TEC)/GCF/Climate Technology Centre and Network (CTCN) thematic dialogue on climate technology incubators and accelerators in Bonn, Germany, in March 2018, the Secretariat has been supporting developing a technical summary and full report reflecting key findings of the dialogue. The first ever publication of the GCF with constituted bodies has been released and is publicly available online.⁹ The Secretariat has also participated in the CTCN Regional Forum for National Designated Entities from Asia and the Pacific and provided inputs on GCF regional portfolio and

⁹ The summary and full report are available at <<http://unfccc.int/tclear/incubators/#fullreport>>.

priorities. The Secretariat will attend the upcoming meetings of the TEC and CTCN in September and October to provide a comprehensive update on GCF support in the field of technology.

87. OGA led the Secretariat's participation in the forty-eighth session of the Subsidiary Bodies in Bonn, Germany, from 30 April to 10 May 2018. The Secretariat informed Parties regarding the status of GCF operations responding to guidance from the COP and addressed queries from countries and other stakeholders through briefings to regional groups (Africa, Asia-Pacific, least developed countries (LDCs) and small island developing States (SIDS)) and civil society observers, as well as bilateral meetings with representatives from 20 countries and entities. The Secretariat's other engagements included tracking relevant negotiations sessions, participating in mandated events, such as Local Communities and Indigenous People's Platform, and organizing two GCF side events: one on adaptation planning for the Technical Expert Meeting and the other on GCF progress with both Co-Chairs of the Board present.

88. The Secretariat participated and provided inputs in the expert meeting organized by the Adaptation Committee on national adaptation goals/indicators and their relationship with the Sustainable Development Goals (SDGs) and the Sendai Framework for Disaster Risk Reduction. The workshop proved useful for exchanging experiences on aggregating national and/or local indicators at global levels. The workshop also identified the need for country-specific adaptation monitoring and evaluation systems that could potentially consider interlinkages to Sendai and SDG monitoring.

89. The Standing Committee on Finance (SCF) organized its 2018 Forum on 5 and 6 July 2018 after B.20 in Songdo. The 2018 Forum was dedicated to "The Climate Finance Architecture: Enhancing Collaboration, Seizing Opportunities". Representatives of the secretariat participated in the forum and used the opportunity to share the GCF perspective and informed participants about the ongoing work in relation to the GCF operational framework on complementarity and coherence. The Secretariat will attend the upcoming meeting of the SCF in September to follow discussions on preparations of the 2018 Biennial Assessment and Overview of Climate Finance Flows (BA). In the BA the Secretariat provided technical inputs on GCF commitments to funding proposals and readiness support for years 2015 and 2016 as per the 2018 BA structure. The Secretariat will engage with the SCF on this important document during SCF 18 and 19, scheduled for September and October, respectively.

90. Besides the collaboration with the constituted bodies under the UNFCCC, the GCF Secretariat has also enhanced its dialogue and interaction with the UNFCCC secretariat. Based on the outcomes of a joint retreat, the secretariats have been identifying clusters for enhanced collaboration including, for instance, on communication and outreach, country support, and collaboration on technical and cross-cutting themes such as technology, REDD-plus and NAPs.

91. In addition to these thematic areas of collaboration, the two secretariats entered into a Memorandum of Agreement to fulfil a key aspect of the senior-level retreat: commencing a staff exchange between Bonn and Songdo. The intention of the staff exchange is to foster mutual understanding of the respective secretariats as well as strengthen synergies and provide improved technical support to their respective areas of work. The GCF Secretariat will host a UNFCCC staffer to work on matters related to adaptation, including NAPs and the GCF adaptation approach, a critical area for GCF. The UNFCCC secretariat will host a GCF staffer to assist the Climate Finance subprogramme of the Finance, Technology and Capacity Building Programme on matters related to the work of the SCF, technical inputs to the UNFCCC's needs-based climate finance scoping, as well as the drafting of guidance to the operating entities. This staff exchange, starting in September, is the first of many opportunities for cross-pollination between the secretariats and will be evaluated to identify areas for improvement after the initial exchange period.

92. The Secretariat has undertaken preparations for GCF participation in, and engagement with, COP 24 in Katowice, Poland from 3 to 14 December 2014. As usual, GCF will engage with Parties to report on status of GCF operations as well as how GCF has responded to the guidance from the COP. GCF will also use the opportunity to engage with countries (NDAs and UNFCCC

focal points) and AEs, publicize the work of GCF, meet bilaterally with important stakeholders, and convene the annual dialogues with the UNFCCC thematic bodies and climate finance delivery channels. The Secretariat has made these preparations for GCF participation in and engagement with COP 24 on the basis of its customary COP engagement.

2.5 Lifting accessibility, complementarity and coherence

2.5.1. Raising the GCF profile through coordinated outreach

93. Throughout the reporting period the Secretariat has continued its outreach efforts under the leadership of the Deputy Executive Director and senior management team. GCF has engaged equally in activities targeting country/entity engagement and its relationship with other climate finance delivery channels as well as by participating in global events, which have provided a platform for GCF to communicate on its mandate and mission. The results and outcomes of these missions are further elaborated in annex I to this report, “Missions Quarter 2: Outcomes and Lessons Learned”.

2.5.2. Strengthening GCF communications

94. The Secretariat has finalized the recruitment of the Director of External Affairs and is advancing in consolidating DEA, which will lead on all external engagements, communications, partnerships and replenishment.

95. GCF communications has focused on providing materials to enhance the access of stakeholders to GCF resources, reporting on the results of GCF activities, promoting awareness of the impact of GCF projects under implementation, and raising awareness of the GCF role and achievements. The communications team has been continuing to expand its capacities while recognizing that communications will be a key part of the upcoming replenishment.

96. The GCF website continues to be the major outlet for communication materials. In the last few months, DEA launched several notable enhancements to the website, including individual country profiles, several new sections and pages, new microsites for the independent units, as well as a new homepage that improves support for storytelling and impact messaging. The GCF website has also maintained its support and coverage of regular GCF outreach activities such as Structured Dialogues, including a summary of results after the events.¹⁰ The team has likewise been enhancing the GCF social media presence by increasing its content on Twitter. This also reflects an increasing online interest in GCF, with the number of Twitter followers surpassing the 20,000 mark on 31 August. The Communications team has continued to respond to enquiries from media regarding activities, projects and policies, and has also facilitated media coverage of GCF project implementation in various regions.

97. The Communications team has increased its efforts to depict impacts on the ground of the GCF project portfolio and readiness activities. This includes developing materials to explain the impact of GCF projects and amplifying the efforts of AEs to promote awareness of project activities. Direct outputs in relation to this have included three GCF website articles, two of which have also been published by new outlets in condensed versions. The last months have seen significant interest in GCF activities from media and stakeholders, and the communications team has facilitated media interviews and the publication of opinion articles to promote knowledge of GCF progress and achievements. DEA likewise has provided support for the GCF Private Investment for Climate Conference to take place in October 2018 through a new website,¹¹ branding and collaterals as well as social media marketing.

¹⁰ The outcomes of the 2018 Pacific Structured Dialogue have been made available on the GCF website here <<https://www.greenclimate.fund/meetings/2018/pohnpei>>.

¹¹ Available at <<https://gcfconference.com>>.

98. The finalization and dissemination of branding guidelines to AEs and conditions of logo use for other stakeholders has been a significant step forward during the reporting period. These steps are promoting greater consistency in the promotion of GCF and its branding, whilst ensuring that there is visibility for GCF project and readiness activities. The communications team has also created a network of communications focal points within AEs in order to enhance collaboration on project communications.

2.5.3. Increasing engagement with key stakeholders through online platforms

99. In an effort to improve the concept notes and funding proposals submission process, the Secretariat developed an online submission portal. The online submission portal, connected to the AE and NDA portal, will be the one location where all proposal-related information and documents can be accessed. The online submission portal will provide improved experience, communication and connection between the NDAs/focal points, AEs and GCF. Currently, the portal is focused on the SAP and the Secretariat aims to launch the system before B.21. The online submission portal has been introduced to the NDAs/focal points and AEs via webinars at the end of August. Three webinars have been delivered taking time zone differences into account. A total of 102 NDAs/focal points and AEs attended the sessions.

100. The Secretariat aims to pilot the online submission portal for the regular concept notes and funding proposals after the funding proposal template is further revised based on the policy discussions and decisions likely adopted at B.21 and B.22.

101. The Secretariat has also progressed work on the Direct Climate Action Platform (DCAP), a global online platform for institutions and experts from across the world to exchange knowledge, share technical expertise and foster capacity-building. DCAP is currently under the second phase of development, and a fully operational platform's launch is planned for 2019. Several next steps have been identified or are in progress: (i) collecting insights and feedback from NDAs and DAEs as end-users; (ii) development and advancement of the platform's scope and functionalities; (iii) coordinating a DCAP Steering Committee; and (iv) sharing the initiative with potential partner institutions and establishing formal partnerships.

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

102. The Secretariat continued to implement the Board mandate on fostering complementarity and coherence with a number of developments during the reporting period. Given the focus of the operational framework for complementarity and coherence between the Adaptation Fund, GEF and CIFs, the Secretariat has been working closely with these funds to advance the framework objectives. This ongoing Secretariat work has occurred in parallel with engagement at the Fund-to-Fund and Co-Chairs level, as detailed further in document GCF/B.21/Inf.14 titled "Report on the activities of the Co-Chairs".

103. Further to the Annual Update on Complementarity and Coherence presented at B.20, the Secretariat has worked with the GEF Secretariat to advance the Coordinated Engagement Initiative launched at the GEF Assembly in Da Nang, Viet Nam (26 June 2018), where 12 countries expressed interested in looking at ways to work together and with countries to build greater national strategic coherence. Both organizations are maximizing existing events (e.g. Structured Dialogues) to engage with interested countries in exploring opportunities to inform ongoing programming efforts at GCF and upcoming efforts under GEF-7. Additionally, the topic of synergies in climate finance was a high-level theme of the Pacific Structured Dialogue, where ministers shared their priorities and concerns on strategic engagement for climate financing and promoting synergies given competing agendas and complex climate finance landscape to promote coherence at the national programming level. The Adaptation Fund and GEF Secretariats were invited to attend the Structured Dialogue and engage with ministers in the discussion. The discussion was complemented by a technical panel with input from GCF and GEF on opportunities and approaches to enhance synergies and interactions between different

channels of funding, with country representatives presenting their views on what they need to make that happen. Similar efforts will be also conducted during the September Structured Dialogue in Tajikistan.

104. In response to decision B.20/05, paragraph (f), on advising national designated authorities on how programming opportunities identified by CIFs beneficiary countries may be brought to GCF programming, the Secretariat has started the outreach to countries to inform them of the decision and set up discussions with interested countries, including on the sidelines of upcoming CIFs and GCF events. The efforts are aimed at fulfilling the mandate of B.20/05, paragraph (f), to find country-driven approaches to incorporate much-needed investment opportunities from the CIFs into the GCF modality. Discussions with the CIFs, AU and multilateral development banks have been taking place since the adoption of the framework, and now the Secretariat is accelerating the process by directly engaging countries to assess and proceed with concrete interventions.

105. With regard to the Adaptation Fund, the Secretariat has worked closely with Adaptation Fund staff on issues of direct access and accreditation. During the Enhanced Direct Access Workshop in Songdo, the Adaptation Fund and GCF held two joint sessions for deeper cooperative engagement with entities. The sessions targeted common AEs and potential entities to explore areas for enhanced complementarity and coherence. The event served as a launch of a pilot initiative for collaboration between the funds and specific DAEs to test discrete areas new approaches for complementarity and coherence, which could include parallel financing, readiness, and compliance policy alignment.

106. The Secretariat also engaged with the Adaptation Fund at the 5th National Implementing Entities seminar (30 August 2018 in Washington, D.C.), where discussions were held with common entities on their views on ways in which the funds can enhance their collaboration to the benefit of DAEs. Recommendations are being considered jointly with the Adaptation Fund Secretariat. Similarly, discussions have advanced with some common direct entities between the funds to pilot initiatives to maximize synergies between the two funds that can be later scaled up on the sidelines of UNFCCC Ad Hoc Working Group on the Paris Agreement session in Bangkok.

2.5.5. Supporting the engagement of observer organizations with GCF

107. The Secretariat opened the seventeenth 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. The Secretariat also managed correspondence with observers and will coordinate the observer registration process to enable their participation in B.21.

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

108. The Secretariat reviewed forms submitted by AEs covering their disclosure of environmental and social safeguards reports for funding proposals for the Board's consideration in accordance with the Information Disclosure Policy (IDP) requirements and facilitated the timely disclosure of such forms to the Board members, active observers and the public through the GCF website. Seven reports were submitted to Board members and active observers during the reporting period. OGA coordinated the Secretariat's responses to information requests under the IDP. The IDP webpage continued to support the receipt of external inquiries through an electronic interface with access to the information disclosure request form.

109. 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 (costs and usage statistics) and qualitative data (through a survey, which includes views of those who have accessed the service).

110. Matters related to information disclosure also arose in the negotiations of AMAs and have been dealt jointly across the Secretariat.

2.6 Consolidating the Secretariat's capabilities

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

111. Throughout 2018, the Secretariat has worked towards implementing a results management framework which tracks Secretariat performance against established goals and KPIs of the 2018 work programme. This has included the establishment of a data focal point coordination group to capture relevant data points, as well as the development of a Results Framework Dashboard showing progress against 2018 KPIs. Regular senior management sessions have been organized internally to take stock of Secretariat progress, identify areas of work which are proving more challenging and identify cross-Secretariat solutions. Key findings are highlighted in the Report on the Activities of the Secretariat and presented at every Board meeting.

112. Informed by the progress achieved in 2018 and the experience gained with tracking progress against KPIs, the Secretariat has also worked towards a work programme for 2019. The 2019 work programme has been developed with a view to build on previous work programmes from 2017 and 2018 while also recognizing the specificities of 2019. Cross-Secretariat divisional inputs have informed a 2019 work programme which seeks to consolidate and enhance existing Secretariat capacity, operations and policies with a view to prepare GCF for its second round of operations under the replenishment.

113. Throughout July and August 2018, GCF operated in the absence of an Executive Director. Without Board appointment of an Executive Director ad interim, certain functions that normally fall under the authority of the Executive Director have not been transferred to the Deputy Executive Director. However, based on internal legal advice from the Office of the General Counsel, considered under a doctrine of necessity, the Deputy Executive Director has authorized a number of procedures related to human resources matters to ensure the smooth and seamless operation of GCF. The categories of matters that have been approved by the Deputy Executive Director or his Officer in Charge are as follows:

- (a) Management of staff members' appointment:
 - (i) Confirmations of appointment;
 - (ii) Extensions of appointment;
- (b) Leave of staff:
 - (i) Approval of leave of Heads of Divisions/Offices;
 - (ii) Authorization of special leave without pay for international professional staff (IS).

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

114. At B.18, considering the Secretariat's workplan, the Board authorized the recruitment of new staff with a view to filling 250 positions by December 2018 in order to build the capacity of the Secretariat. The Secretariat has made progress in recruiting new staff. The current total staff

count as of August 2018 is 208 (from 140 staff at the time of B.18 (October 2017)), and 33 more positions are in progress; it is likely that the approved 250 posts will be filled during the first half of 2019.

115. The Secretariat continues its effort to achieve geographical diversity in its workforce and ensure that women and men are equally represented at all levels. The gender balance has improved to 56:44 (56 male and 44 female) B.21. The Secretariat is currently composed of staff from 63 countries, with the nationalities most represented being the Republic of Korea (20 IS and 23 administrative support staff (AS)), United States of America (18 IS and 5 AS), and Philippines (6 IS and 6 AS).

116. Following a comprehensive consultation with all stakeholders, a Secretariat-wide training plan has been developed, which will give 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 also includes an allocation for Division Directors/Heads of Offices to support individual training plans. Additionally, the secretariat continues to support cost-effective ways of developing employee capacity through internally designed learning initiatives.

117. This is the second year of implementation of the Secretariat's performance management and development system (PMDS). In the second half of 2018, the secretariat successfully automated the PMDS and has aligned the process with current best practice in performance management.

2.6.3. Concluding arrangements for privileges and immunities

118. The Secretariat is actively pursuing negotiations with both developed and developing countries and, as at 31 August 2018, the Secretariat had sent draft agreements on the privileges and immunities of GCF to a cumulative total of 126 countries. To date, 19 bilateral privileges and immunities agreements have been signed, with Antigua and Barbuda, Belize, Cook Islands, Georgia, Grenada, Guyana, Honduras, Kiribati, Micronesia (Federated States of), Montenegro, Namibia, Papua New Guinea, Saint Vincent and the Grenadines, Samoa, Solomon Islands, Tonga, Uruguay, Vanuatu and Zambia.

119. While progress has been made, the Secretariat notes that further and sustained efforts are required to ensure that 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, on a regional basis where appropriate, that will in substance follow the template agreement on the privileges and immunities of GCF which contains the clauses approved by the Board.

120. 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. In decision 9/CP.23, amongst other things, the COP:

- (a) Decided to continue its consideration of the Board's request as reflected in decision B.08/24 and the procedure agreed in decision 7/CP.20;
- (b) Encouraged Parties to enter into agreements to grant privileges and immunities needed for the effective and efficient operationalization of GCF in accordance with national legislation and circumstances and decision B.10/12, as appropriate; and
- (c) Encouraged the Board to intensify its efforts to ensure that GCF enjoys the necessary privileges and immunities as are necessary for the fulfilment of its purpose.

121. Pursuant to decision B.19/02, the Co-Chairs were requested to develop a proposal for consideration of the Board in response to the guidance from the COP at its twenty-third session regarding privileges and immunities. The Secretariat will take all necessary steps to implement such proposal once approved by the Board.

2.6.4. Advancing the rollout of information technology systems to support business processes

122. The 2018 ICT work programme continued to see significant progress in the implementation of core business and administrative systems and improvements to IT infrastructure.

123. The Integrated Portfolio Management System (iPMS) received frequent and iterative releases during 2018. To enhance the concept note and funding proposal submission workflow, organizational units from across GCF worked together to design and develop the OSS for SAP concept notes and funding proposals. Work for establishing dedicated knowledge management and collaboration portals for the needs of NDAs and AEs continued. To facilitate the consultation process for B.21 Board documents, GCF provided a Cloud-based, off-the-shelf collaborative document review system.

124. As for key internal administrative systems, the implementation of an e-Sourcing system for procurement moved forward and is entering the final phase of user acceptance testing. The Secretariat now expects implementation to complete in the second half of 2018. The Secretariat continued work on a Cloud-based travel request and expense management solution that is expected to be released in Q3. Work for implementing a GCF Cloud-based human resources system also continues to make steady progress; the Secretariat successfully launched several modules – including core human resources data, recruitment, onboarding, and leave management. Offboarding and employee benefits management will follow later this year. The Secretariat also released an employee portal for GCF Secretariat staff to access all of their payroll-related information.

125. GCF continues to take steps to bolster the security of IT systems, with enhanced monitoring of IT systems and authentication procedures for Secretariat staff. For getting better results regarding video and teleconferencing call quality and reliability between the many international parties, GCF has initiated a project to assess every single infrastructure component inside the GCF Headquarters and regarding the physical links from prime and backup Internet service providers in the Republic of Korea. Finally, GCF Secretariat staff made significant progress in the project to enhance GCF policies, procedures and practices regarding data privacy and protection.

2.6.5. Elaborating GCF financial policies and standard operating procedures

126. To preserve GCF capital and pursue higher investment return subject to risk limitations, the Secretariat is developing a new cash investment plan which is currently undergoing review.

127. To provide guidance on the different accounting procedures and processes, eleven standard operating procedures were developed. Accounting staff were trained in the procedures which are accessible to all staff for reference. Staff roles and responsibilities in the department were also reorganized to align with the approved procedures. Development of standard operating procedures for three more processes is at the initial draft stage and will undergo review in the last quarter of the year.

2.6.6. Improving the efficiency of procurement practices

128. The Secretariat pursued its procurement practices in line with existing guidelines while advancing a number of initiatives. GCF has continued using the current version of the procurement guidelines (GCF/B.08/31), as the revised procurement guidelines have yet to be submitted to the Board. Suggestions have been made to incorporate green procurement practices into the guidelines and it has been determined that this is best done by adding an appendix on sustainable procurement to the guidelines. This appendix is currently under review. The revised guidelines are expected to be presented to the Board at B.22, as the

guidelines are not on the agenda for B.21. They will be presented with the appendix on sustainable procurement for review and approval as requested by some Board members.

129. The 2018 Corporate Procurement Plan for GCF is in place and is an active document where the details of the actual procurement are updated against planned procurement to monitor progress. This area of procurement operation will continue to be under improvement since it is a relatively new practice in GCF and is meant to create efficiency in the procurement process.

130. The procurement team has been rigorously involved in designing and testing an e-sourcing system with support from ICT, addressing various workflow and system issues that arose during the design and testing phase. The e-sourcing system is expected to go live once the user acceptance testing is completed, which is scheduled for Q3/Q4 2018. The system will aid in increasing efficiency of the procurement process by enhancing accountability, transparency and tracking of the various stages of the procurement process. It will also aid in efficient reporting and in providing an audit trail of procurement activities. A new online travel system (SAP Concur) is currently under configuration and is expected to go live in early September 2018. A contract has also been signed with a new travel agency on 27 August 2018 to provide travel services in English, implement an Online Booking Tool and produce advanced reporting and account management technology, in addition to on-demand reports, statistics and suggestions for cost-saving that can be generated and made available for Secretariat consideration.

131. The Standard Request for Proposals was updated by introducing necessary forms and including the provision of the Draft Contract. The Invitation to Bid Document is ready for launch for the next competitive bidding tender for goods. The standard template for the request for quotation is also ready for full use having already been tested on other procurements in the past months. These documents are subject to update by strengthening sustainable procurement provisions for evaluation once the sustainable procurement document is approved.

2.6.7. Implementing the 2018 audit plan

132. The Office of the Internal Auditor (OIA) worked towards finalizing two audits (Private Sector Facility Division and Finance Unit) that began in 2017 and one audit (Procurement Unit) that began in March 2018. It conducted two more audits (Correspondence Management and ICT Unit) and a review of the Performance Management and Development System (PMDS) during the reporting period. OIA is also currently finalizing its audit manual.

133. OIA, together with ORMC and human resources, arranged for a second training course on the Committee of Sponsoring Organizations (COSO) framework for internal control. (The first COSO training was held in 2017.) A trainer from the Institute of Internal Auditors delivered a three-day training course to 20 staff within the Secretariat and a presentation to the SMT. The Secretariat is currently exploring options to provide the COSO training to more staff members of the Secretariat as well as Board members.

Annex I: May–August 2018 missions: outcomes and lessons learned

1. Throughout the second quarter of 2018, the Secretariat has been actively engaged in 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 profile of GCF and building understanding of its operational modalities;
 - (b) Providing on-the-ground advice and assistance to national designated authorities (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) Structured Dialogues and missions to countries to advance the implementation of readiness activities, support country programming and strengthen engagement with GCF across national stakeholders;
 - (b) Missions to entities on accelerating funding proposal development and enhancing direct access;
 - (c) Outreach and networking contributing to global, thematic or regional forums relevant to the GCF results areas and building partnerships relevant to GCF operations;
 - (d) Interaction with the United Nations Framework Convention on Climate Change (UNFCCC) and its subsidiary bodies; and
 - (e) Interaction with the 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 (DAEs) and private sector mobilization. Missions have involved:
 - (a) Organizing the third Structured Dialogue with the Pacific;
 - (b) Attending national stakeholder consultation workshops on advancing engagement with GCF and country programme and pipeline development (Bhutan, Gabon, Guatemala, Kyrgyzstan and Vanuatu), including through a mission led by the Executive Director to Morocco;
 - (c) Engaging with national ministers and officials on the sidelines of global conferences and events;
 - (d) Progressing consideration of key country-based organizations nominated by NDAs for direct access and/or to undergo Financial Management Capacity Assessment for direct access to readiness (Niue, Tuvalu and Vanuatu);
 - (e) Participating in a Pacific private sector workshop focused on identifying practical measures for private sector stakeholders to engage effectively with GCF and transform their investments towards low-carbon and climate-resilient development. It also served as the basis for focused discussion with Pacific Island Forum leaders at their annual conference in Nauru; and

- (f) Participating in the Council of Ministers of Environmental Sustainability meeting for the Organization of Eastern Caribbean States (OECS) and presenting the ongoing GCF initiatives and areas of support to the Caribbean region, and in particular the OECS subregion, under the theme “Promoting Partnerships towards a Climate-Resilient Region”.
5. Through the Structured Dialogue with the Pacific, GCF has been able to observe the following progress made at country level since the first Structured Dialogue:
- (a) Country ownership and engagement with GCF has been strengthened since the first Pacific Structured Dialogue (July 2015), where only two countries had approved readiness proposals. By the 3rd Structured Dialogue (July 2018), 18 readiness proposals had been approved, 9 full-sized projects and 1 Project Preparation Facility (PPF) application (totaling over 303 million in GCF funding), 3 DAEs accredited and a strong pipeline of proposals and concepts are well on their way;
- (b) Many NDAs have engaged dedicated capacity within the NDA and are developing their longer-term strategic engagement with GCF. A number of good practices have emerged through the implementation of readiness projects with a range of communications materials, newsletters, country-specific no-objection procedures, consultation arrangements, strategic frameworks and the development of country programmes. Experiences with direct access accreditation are being shared between countries, entities and other regions to assist in progressing a number of nominated entities and partners in line with developing pipelines of priorities;
- (c) A number of project priorities have progressed through interactive discussion and feedback between NDAs, accredited entities (AEs) and GCF at these events. It has also enabled the identification of projects for subregional execution (food security, sustainable maritime transport, etc.) and regional execution (renewable energy, climate information and early warning systems, etc.), which have since been approved or are well advanced as concepts and proposals. In addition, these events foster greater ambition to populate the Pacific pipeline. At the most recent Structured Dialogue, around 64 new concepts were put forward by countries and were the subject of significant discussion with all partners through the marketplace sessions (estimated at USD 1.4 billion);
- (d) Engagement of the private sector in the Pacific region has been a key stream of focus in the recent Structured Dialogues, noting that the private sector continues to struggle with accessing GCF funds. This Structured Dialogue highlighted the need to work on further simplifying Private Sector Facility processes and better presenting and contextualizing the opportunities available from GCF to the private sector, including through a range of public sector projects (e.g. in terms of overall enhanced climate resilience of local economies), as well as through readiness support. Key options discussed involved systematically engaging the private sector in climate action, building a strong enabling environment, pooling resources and forging effective public-private partnerships; and
- (e) Countries took the opportunity of the Structured Dialogue to propose some changes to current GCF operational modalities, including a strong call for the use of multi-year and programmatic approaches to climate readiness and a request that simplified approval process proposals be expedited through to approval at Secretariat level, and reiterate their request made at all previous Structured Dialogues for establishing a GCF Regional Office in the Pacific.
6. Support for NDAs as they engage public and private stakeholders in their readiness activities has allowed the Secretariat to get a direct understanding of national contexts and challenges. It also allowed the Secretariat to provide examples and lessons learned from other countries undergoing similar processes on establishing no-objection procedures, identifying national entities suitable for accreditation and defining programming priorities for GCF.

- (a) In Gabon, GCF has supported NDAs and delivery partners in the development of a technical readiness proposal on energy efficiency. This has entailed meeting the different stakeholders involved in the project so as to align participating views and structure the strategic committee that will lead the request and draft the budget and terms of reference for the firm that will implement the request. It is expected that early coordination prior to proposal submission will also benefit implementation;
 - (b) In Belize, GCF supported the NDA and Caribbean Community Climate Change Centre (CCCCC) as the delivery partner in the launch of its first readiness programme. This entailed supporting the NDA in stakeholder consultations, including with potential accredited DAEs;
 - (c) In Barbados, GCF supported national consultations conducted by the CCCCC on the Water Sector Resilience Nexus for Sustainability in Barbados (WSRN S-Barbados) funding proposal. These consultations sought to secure ministerial support from the newly installed Government of Barbados;
 - (d) In Grenada, the Secretariat supported the development and launch of a readiness proposal on “Climate Resilient Cities”, with New York University as the delivery partner. The government is developing proposals for nine specific projects in the two main cities, St. George’s and Grenville, including pre-feasibility studies and strong local long-term capacity-building that will help build the island’s climate resilience and capacities by moving Grenada closer to meeting its mandatory greenhouse gas reduction targets, developing resilient infrastructure and stimulating economic growth;
 - (e) In May 2018, a mission to Kyrgyzstan was organized in response to a request by the NDA to take part in workshops organized within the first readiness programme with the Food and Agriculture Organization of the United Nations as the delivery partner. Additionally, numerous bilateral meetings were held with development partners and key government institutions. As a result of the mission, the NDA acquired knowledge on readiness opportunities and a country programme exercise, which could be implemented within the next readiness proposal, and GCF improved the understanding of the climate finance context and demand for GCF finance in the country;
 - (f) High-level engagement through the August mission to Bhutan has advanced conversations on the privileges and immunities agreement. During this mission, GCF also supported a National Structured Dialogue, which aimed to develop a GCF strategic country programme for Bhutan containing a pipeline of viable investment projects that respond to the stated priorities of the Government of Bhutan. The National Structured Dialogue discussed potential project ideas in the areas of resilient agriculture, water management, transport and waste management, identifying options for accessing support for readiness, project preparation and project funding; and
 - (g) High-level engagement through the mission of the Executive Director to Morocco has advanced conversations on the Privileges and Immunities agreement and promoted greater understanding of GCF modalities by the institutions visited during the mission, including on procedures for Board membership. It has also allowed the Secretariat to communicate the current state of affairs in terms of GCF commitment authority and leverage country support for the upcoming replenishment process.
7. Through these missions, the Secretariat has been able to:
- (a) Get direct understanding of national priorities, grasp the diversity of capacity gaps and assess opportunities for GCF intervention;
 - (b) Unblock communication between NDAs, delivery partners and the Secretariat on proposal development and review, clarifying outstanding matters with a diverse range of stakeholders; and

- (c) Obtain a clearer picture of the programming needs for respective regions to assist with managing the GCF portfolio effectively into the future.
- 8. A series of key outcomes and lessons have emerged, as follows:
 - (a) Countries have continued to express interest in receiving direct support and advice from Secretariat staff. They have expressed keen interest in having a stronger GCF regional presence, with a number of countries directly proposing to host GCF regional offices. This has in turn advanced conversations on privileges and immunities as a prerequisite for any such future initiatives;
 - (b) Learning more about the unique characteristics, landscapes and status of our regions should help GCF tailor approaches commensurate with the challenges and opportunities of different groups of countries, in particular the way we provide support to small island developing States (SIDS), least developed countries (LDCs) and African States;
 - (c) 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, the no-objection process and engagement with AEs. They also allow for information exchange on regional climate investment trends, methodologies for assessing and systematically integrating climate risks and 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; and
 - (d) The role of country programmes as a key iterative tool to promote country ownership continues to be greatly emphasized by all countries GCF engages with.

Entity engagement

- 9. The Secretariat has been engaging with direct and international AEs which are actively developing a pipeline for GCF. The scope and nature of these engagements are closely linked to the nature of the existing relationship between GCF and AEs. Related missions have entailed:
 - (a) The advancement of specific project proposals and provision of support for DAEs (PT Sarana Multi Infrastruktur (PT SMI), Centre de Suivi Ecologique (CSE) and CCCCC), including by building an understanding of the GCF business model and processes and the fundamental centrality of climate impact; and
 - (b) Strengthening of partnerships with AEs, including by participating in annual meetings (European Bank for Reconstruction and Development (EBRD) and the African Development Bank (AfDB)) and kick-starting an engagement model overseeing all aspects of relationship management (Asian Development Bank (ADB)).
- 10. GCF has pioneered a partnerships engagement model with the ADB, which led to a cross-Secretariat delegation meeting with a range of senior and technical ADB staff to discuss strategic and operational matters. As an outcome of the exchange, a number of steps were agreed to strengthen the collaboration:
 - (a) GCF will continue working with the ADB under the framework of a strategic business plan as defined by the Entity Work Programme as an engagement tool with an objective to support the USD 6 billion climate financing goals of ADB. This plan would be reviewed by senior management during their annual consultations and cover priority sectors, target countries and the pipeline of projects;
 - (b) ADB and GCF will work on identifying several pilot countries for fostering an increased coordination process between ADB, GCF and the developing member country. The pilot can encompass both the annual country operational business plan and the multi-year country partnership strategy. The pilot countries will be selected in 2018, based on mutually agreed criteria;

- (c) The mission has also advanced a common vision for ADB and GCF to take a portfolio approach to the joint relationship, which would include managing items for discussion at a relationship level instead of at an individual transaction level;
 - (d) In the near short term, GCF and ADB have also agreed to undertake a series of business trips by expert staff to (i) move forward with the finalization and effectiveness of five funded activity agreements (FAAs) already approved by the GCF Board and implementation matters at a framework level; and (ii) design standard operation procedures to facilitate faster and lighter transaction level processing; and
 - (e) Finally, a communication “hotline” is being established between senior staff in ADB and the GCF Secretariat for swift decision-making and resolution of potential issues, in addition to periodic high-level consultations to assess the status of the relationship and seek modalities to enhance it.
11. The Secretariat has continued to provide support to DAEs for the development of funding proposals and project preparation requests, as follows:
- (a) Support to PT SMI and national technical partners has been provided to improve the submissions of concept notes and PPF targeting two regions. This has entailed communicating in detail the GCF investment criteria, exploring methodologies for strengthening the climate rationale as well as exchanging information and experience on proposed technologies and technical solutions proposed under the targeted projects;
 - (b) Support to CSE has entailed a comprehensive revision of the proposed concept note by components, outputs and activities striving for SMART indicators along with working on a revised theory of change to address identified barriers. This has led to the development of a concept note which has a better articulation of climate rationale and transformation potential in line with GCF criteria; and
 - (c) Support to CCCCC related to the elaboration of a regional readiness proposal with support from countries, assisting the DAE to build capacity and develop a regional approach for climate action. This readiness proposal outlines the current key challenges encountered and capacity-building support needs for advancing GCF funding proposals for Caribbean Community member states.
12. Finally, engagement at the annual meetings of AfDB and EBRD has raised the profile of the GCF relationship with AEs and other stakeholders, allowed for bilateral meetings with country representatives and strengthened the GCF relationship with AEs.

Global forums and sectoral, regional and/or thematic outreach and partnerships

13. The Secretariat represented GCF in a series of global events and sectoral forums. The Executive Director and Deputy Executive Director have led GCF engagement at the Sustainable Energy 4 All Forum, the Austria World Summit and the Vienna Energy Forum, as well as a Harnessing Islamic Finance for a Green Future conference. Secretariat staff also attended meetings such as the Ninth Clean Energy Ministerial, Adaptation Futures Conference, United Nations Environment Programme Montreal Protocol’s Workshop on Energy Efficiency Opportunities While Phasing-down Hydrofluorocarbons and the meeting of 40th Open-ended Working Group of the Parties to Montreal Protocol on Substances that Deplete the Ozone Layer, meetings of the Forest Carbon Partnership Participants and an Innovate4Climate Event of the World Bank.
14. Representation at key global events has proven instrumental in raising the GCF profile, widening its networks and exploring new partnership avenues. Global forums such as the Sustainable Energy for All Forum, the Vienna Energy Forum and R20 Austrian World Summit have allowed GCF to consolidate its standing in the energy community. It has also allowed the Secretariat to explore engagement avenues with external partners, particularly entities which are not accredited but are nonetheless interested in working with GCF. More specifically,

interest has surfaced around possibilities to collaborate with GCF on a co-investment basis in the mini-grids markets.

15. Secretariat engagement at sectoral or thematic forums has allowed GCF to clarify its processes and investment modalities to a range of stakeholders, as well as work towards complementarity with other climate financing avenues:
 - (a) Participation at the Adaptation Futures Conference allowed the Secretariat to present the GCF approach and scope for providing support to adaptation activities as well as engage in a number of bilateral meetings with DAEs, NDAs and other stakeholders in the margins of the conference. It has also allowed for a contextualization of GCF adaptation planning support to catalyse financing strategy and project concept notes;
 - (b) Similarly, participating in the Forest Carbon Partnership Participants committee led to agreements to develop a collaboration framework for REDD-plus results-based payments;
 - (c) Engagement at meetings focused on the Montreal Protocol has led to conversations with technical institutes, which may be engaged in the GCF evolving a framework for establishing communities of practice around its key sectoral and thematic areas; and
 - (d) A meeting between Agence Française de Développement (AFD) and GCF was held to discuss a strategic engagement between the two institutions. The meeting initiated a partnership-oriented approach with the aim to strengthen the programming process to generate transformational project ideas. The meeting advanced a common understanding between the two institutions on the type of projects that could be considered, fostered better working relations for a more collaborative approach to programming, and provided information on post-approval project implementation, among other guidance provided. Discussions also focused on the importance of strengthening country ownership in the project planning process, the possibility of AFD enhancing support to national DAEs, and how both institutions can better coordinate for more impactful results. The meetings also reflected on the possibility for GCF to join the International Development Finance Club (IDFC), a network of national and regional development banks working on mainstreaming climate and Sustainable Development Goals (SDGs) into their investments. With the AFD as the President of the IDFC, there was a particular interest for GCF to join to further strengthen the collaboration between GCF and AFD, and also with other IDFC institutions.
16. These missions provided insight into specific regions, markets or financial and sectoral trends and allowed GCF to widen its networks and raise visibility of its work to new audiences.

UNFCCC and subsidiary bodies

17. Engagement with the UNFCCC throughout the reporting period has included cross-Secretariat representation at the meeting of the subsidiary bodies. The meeting gave GCF the chance to build visibility within the UNFCCC process, identify emerging issues pertinent to operations, advance work on complementarity and coherence, and demonstrate accessibility through meetings with a large number of stakeholders.
18. GCF engagement was built around three tracks, namely (i) formal negotiations; (ii) organization or participation at key events; and (iii) supporting briefings and bilaterals:
 - (a) Engagement related to the negotiations offered an opportunity to understand efforts in driving the Talanoa Dialogue and opportunities to support it and elevated the GCF role in the stories of developing countries. It has also initiated discussions on possible GCF inputs into the Koronivia Joint Work on Agriculture, raised questions on what GCF could finance in terms of loss and damage, while discussions on long-term finance highlighted that there is not enough information to navigate the complex climate finance

- architecture as well as a need for the climate funds to simplify and harmonize their processes and to have consistent project policies;
- (b) GCF also hosted a Technical Expert Meeting on Adaptation and organized a GCF side event hosted by the Co-Chairs. It also contributed to the Paris Committee on Capacity Building, Local Communities and Indigenous Peoples Platform and the LEG Expert Group Event; and
 - (c) In addition, the Secretariat briefed the different regional groups. A first-time briefing to the Asia-Pacific group included a presentation from the Secretariat noting outcomes of the Asia Structured Dialogue with a series of questions and answers focused on how the group can improve their access to GCF and NAPs as well as the issue of financial structure of projects. Various countries highlighted their positive impression and satisfaction with GCF. Briefing the Africa Regional Group has highlighted their interest in UNFCCC focal points being invited to the Structured Dialogue and raised priorities around simplifying and streamlining the GCF approval process. The LDC Group showed particular interest in the Simplified Approval Process Enhanced Direct Access modality as well as in developing incentives for the private sector to work in LDCs/SIDS and better aligning GCF programming with country budgeting. Interest was also expressed in opportunities for training project developers in countries beyond NDA/AE workshops. The meetings also allowed the Secretariat to engage with civil society organization groups and hold bilaterals with over twenty countries.

Other climate finance delivery channels

19. Key engagements advancing the discussion on complementarity and coherence have entailed attendance at the annual stakeholders meeting of the Climate Investment Funds Pilot Programme on Climate Resilience (PPCR), the GEF Assembly and the Adaptation Fund's 5th National Implementing Entities Seminar.
20. Attendance at the PPCR has included delivering a plenary presentation on status opportunities for GCF financing, adaptation approaches, readiness including adaptation planning, and the PPF. It has allowed for the opportunity to respond to numerous questions from countries and CIF implementing partners about potential for GCF support of elements of countries' unfunded resilience strategies developed through the PPCR.
21. GCF participation at the GEF Assembly, headed by the Executive Director, has included the launch of the GEF-GCF Partnership on coordinated engagement, with more than 30 delegations attending at the minister or head of delegation level. The event was an opportunity for both GCF and GEF to express their interest in collaborating at country level and fostering joint programming, giving the floor to country representatives to express their interest in participating and outlining what this might entail at national level. The initiative received consensus support, with a number of key outcomes emerging from the session:
 - (a) More than 10 countries spoke about expressing their interest in piloting the programming initiative, informing GCF and GEF on how the coordination could unfold on the ground. Proposed ideas included: receiving assistance in scaling up GEF projects, including from the Least Developed Countries Fund, catalysing additional finance, having integrated disaster risk reduction and land use management, and harmonization of procedures between the funds, using existing policies, national instruments, and monitoring and evaluation systems to scale up projects in energy, water and food production with co-benefits for sustainable development, harmonizing and simplifying approvals between funds and further support for national coordination between different focal points; and
 - (b) The GCF Secretariat continued to work with key countries in advance of the Structured Dialogue with the Pacific, facilitating aligned programming.

22. Participation at the Adaptation Fund's Fifth National Implementing Entities Seminar was similarly done with an approach to enhance complementarity and promote coherence between the two funds. The discussion was focused on exploring options to create synergies on activities related to readiness and capacity-building, accreditation, funding proposals (scaling-up), policies and procedures, pipeline development, entity work programmes and national adaptation plan implementation.

23. The Secretariat will continue to reflect on this progress under its reporting on the framework on complementarity and coherence. The engagement with other climate finance channels established a foundation for operational cooperation throughout the year and brought divisions across GCF 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 the twenty-fourth session of the Conference of the Parties that shares progress made 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 has continued 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) Cross-divisional engagements with AEs have ensured that 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;
 - (c) 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;
 - (d) 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; and
 - (e) Alignment with UNFCCC processes will continue to (i) make the case for GCF through participation in the facilitative dialogue; and (ii) enhance complementarity and coherence by aligning programming tools and strategic planning and facilitating knowledge exchange.
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