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# Report on the activities of the Secretariat

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## **Summary**

This report provides an update on the activities of the Secretariat for the period 1 May to 31 August 2019. It summarizes progress against the overarching goals and priorities identified in the Secretariat's 2019 work programme, as well as tracking key performance indicators identified in the work programme results framework.

The report includes an update on missions undertaken by the Secretariat during the reporting period (annex I), the list of GCF cooperation agreements that are currently in effect (annex II) and the annual update on the implementation of the complementarity and coherence framework (annex III).

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## I. Introduction

### 1.1 Overview

1. This report on the activities of the Secretariat provides an update on progress made by the Secretariat in implementing its work programme for 2019, approved by the Board at its twenty-first meeting (B.21). It outlines the Secretariat's progress towards the six overarching goals as well as towards the key performance indicators (KPIs) set out in the 2019 work programme and its results framework, for the time frame of 1 May to 31 August 2019.
2. The 2019 work programmes includes six overarching Secretariat goals, which continue and expand the Secretariat's 2018 focus on raising quality, enhancing country support and strategic programming and accelerating implementation, while bringing in a strengthened focus on supporting the replenishment process, enhancing the external networks and global reach of GCF, and sharpening the approach to tracking and managing results and streamlining access modalities and processes.
3. The 2019 overarching goals are:
  - (a) **Supporting the Board** in taking informed decisions, enhancing responsiveness to guidance from the Conference of the Parties (COP) and preparing for replenishment;
  - (b) **Strengthening country ownership and the capacity of national designated authorities (NDAs)** through enhanced delivery of readiness support and increased cross-Secretariat engagement with both NDAs and direct access entities (DAEs);
  - (c) **Strengthening efforts to assess and articulate the climate impact** of proposed GCF work in order to build a paradigm-shifting portfolio;
  - (d) **Operationalizing a proactive and strategic approach to programming**, including through the development of well-coordinated, strategic national adaptation plans (NAPs) and country and entity work programmes and the development of a framework for a more formalized annual GCF pipeline and business plan;
  - (e) **Accelerating implementation and managing results** by working to move an additional 44 approved projects and programmes into implementation, and by monitoring effectively their progress in achieving key climate results; and
  - (f) **Delivering efficient and effective operational processes and systems for resource management and administration.**
4. The body of this report has been structured around these six main goals, and it also tracks progress towards the KPIs detailed in the work programme results framework. Reporting 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

5. The tables below summarize key indicators tracking operational progress: progress across funding proposal indicators (table 1), progress towards portfolio indicators (table 2) and progress against indicators relating to the Readiness and Preparatory Support Programme (Readiness Programme) and the Project Preparation Facility (PPF) (table 3).

**Table 1: Summary of funding proposals indicators for reporting period 1 May 2019 – 31 August 2019**

Funding proposals		B.22		B.23		Target December 2019	
Number of funding proposals approved <sup>a</sup>	Public: +19	Total: +28	Public: +27	Total: +38	Public: + 17-22	Total: + 29-34	
	Private: +9		Private: +11		Private: + 12		
Amount of funding approved (additional USD) <sup>b</sup>	Public: +0.72 billion	Total: + 1.45 billion	Public: + 0.9 billion	Total: + 1.72 billion	Public: + 0.7- 0.75 billion	Total: + 1.45- 1.5 billion	
	Private: + 0.73 billion		Private: + 0.81 billion		Private: + 0.75 billion		
Simplified approval process <sup>c</sup>	No. FP	6	7	8-13			
	Total USD	48 million	57 million	80-130			
Mobilizing funds at scale <sup>d</sup>	No. FP	0	1	3			
	Total USD	0	60 million	178 million			
MSME <sup>e</sup>	No. FP	2	3	-			
	Total USD	40 million	60 million	-			
REDD-plus approved <sup>f</sup>	No FP	1	2	2			
	Total USD	96 million	115 million	150 million			

Abbreviations: B.22= twenty-second meeting of the Board, B.23 = twenty-third meeting of the Board, FP = funding proposal, MSME = micro, small and medium-sized enterprises.

<sup>a,b</sup> Numbers indicate approval that are additional to the 2019 Work programme baselines.

<sup>c,d,e,f</sup> Numbers indicate the cumulative approval totals.

**Table 2: Summary of core indicators for reporting period 1 May – 31 August 2019**

Core indicators	B.22	B.23	31 August 2019	Target Dec. 2019 <sup>a</sup>
AMAs signed <sup>b</sup>	55	56	56	59
FAAs signed	55	65	80 <sup>c</sup> (18 private, 62 public)	76 (17 private, 59 public)
Projects under implementation <sup>d</sup> and value <sup>e</sup> (USD)	40 (1,786 million)	51 (2,184 million)	61 (2,666 million)	74 (3,585 million)
Projects receiving disbursements and total disbursed <sup>f</sup> (USD)	32 (449 million)	46 (565 million)	51 (652 million)	51-55 (900 – 1,400 million)

Abbreviations: AMA = accreditation master agreement, B.22 = twenty-second meeting of the Board, B.23 = twenty-third meeting of the Board, FAA = funded activity agreement, FP = funding proposal.

<sup>a</sup> Targets indicate the 2019 work programme goals.

<sup>b</sup> The 2019 key performance indicator tracks AMAs signed by entities accredited up to 1 September 2019. The total cumulative figure for AMAs signed as at 31 August 2019 is 62.

<sup>c</sup> Three funding proposals (FP028, FP078, SAP004) have two signed FAAs; FP026, which has two FAAs, has been excluded because one FAA was signed with CI but the other FAA with the European Investment Bank is still pending negotiation.

<sup>d</sup> This refers to projects that have reached FAA effectiveness.

<sup>e</sup> The value refers to the GCF funded amount.

<sup>f</sup> The amounts include accredited entity fees.

**Table 3: Summary of indicators for the Readiness and Preparatory Support Programme and the Project Preparation Facility for reporting period 1 May 2019 – 31 August 2019**

Core indicators		B.22		B.23		31 August 2019		Target Dec. 2019 <sup>a</sup>	
Readiness and Preparatory Support Programme	Proposals approved and approved amount (USD millions) <sup>b</sup>	NAP: +5 (+12.73)	Total: +32 (+25.47)	NAP: +8 (+19.51)	Total: +53 (+38.4)	NAP: +12 (+29.88)	Total: +61 (+ 52.98)	NAP: + 25 (+ 62.5)	Total: + 95 (+107.5)
		Non-NAP: +27 (+ 12.74)		Non-NAP: +45 (+18.89)		Non-NAP: +57 (+ 23.1)		Non-NAP: +70 (+45)	
Readiness and Preparatory Support Programme	Proposals disbursed and total amount disbursed (USD millions)	NAP: 19 (12.99)	Total: 192 (48.6)	NAP: 22 (14.11)	Total: 222 (54.58)	NAP: 28 (17.20)	Total: 248 (62.76)	NAP: 45 (37)	Total: 235 (127)
		Non-NAP: 173 (35.61)		Non-NAP: 200 (40.47)		Non-NAP: 220 (45.56)		Non-NAP: 190 (80)	
PPF requests	Number of high-impact CNs developed with PPF support	8		12		15		25	
	No. requests approved and approved amount (USD)	16 10.83 million (10 DAEs, 6 IAEs)		20 13.35 million (13 DAEs, 7 IAEs)		25 16.33 million (17 DAEs, 8 IAEs)		32 16.8 million (22 DAEs, 10 IAEs)	
	No. requests receiving disbursement and amount disbursed (USD)	7 5.02 million (4 DAEs, 3 IAEs)		9 5.99 million (6 DAEs, 3 IAEs)		18 9.20 million (13 DAEs, 5 IAEs)		20 10 million (12 DAEs, 8 IAEs)	

*Abbreviations:* B.22 = twenty-second meeting of the Board, B.23 = twenty-third meeting of the Board; CN = concept note, DAE = direct access entity, IAE = International Access Entity, NAP = national adaptation plan, PPF = Project Preparation Facility.

<sup>a</sup> Targets are expressed as in the 2019 Work Programme.

<sup>b</sup> These represent additional approvals to the 2019 Work Programme baselines.

## 1.3 Progress towards the goals

### 1.3.1. **Supporting the Board in taking informed decisions, enhancing responsiveness to the guidance of the Conference of the Parties and preparing for replenishment**

6. The Secretariat continued to provide support for Board decision-making leading to several policies and procedures being decided at the twenty-third meeting of the Board (B.23). Substantial strategic planning efforts were dedicated to advancing preparations for the second GCF operational phase. This has included support provided to the Co-Chairs in developing a proposal for a four-year Board work plan intended to regularize GCF policy cycles in line with programming and replenishment cycles. The Secretariat also developed the 2020–2023 Strategic Plan for the GCF (the 2020–2023 Strategic Plan) under the guidance of the Co-Chairs for the Board’s consideration at the twenty-fourth meeting of the Board (B.24), building on programming consultations and substantial inputs received from Board members, countries, AEs and observers on the update of the initial Strategic Plan for the GCF.

7. Maintaining a close dialogue with the United Nations Framework Convention on Climate Change (UNFCCC), a cross-Secretariat delegation led by the Executive Director participated at the fiftieth UNFCCC subsidiary bodies meeting, where it supported briefings for regional groups, followed negotiations with policy implications for the GCF and organized a comprehensive programme of bilateral engagement meetings with developing country representatives. The “Eighth Report of the Green Climate Fund to the Conference of the Parties to the United Nations Framework Convention on Climate Change” (document GCF/B.23/10) was also submitted in the reporting period.

8. The Secretariat supported the replenishment process as a matter of priority and led an extensive outreach agenda carried out by the Executive Director, Deputy Executive Director and Secretariat representatives. The Secretariat also supported the conduct of the second replenishment consultation meeting which took place in Ottawa, including through the drafting and concluding of the summary report “Period of the first replenishment of the GCF” (document GCF/B.23/03). Early pledges from contributors have also boosted confidence in a successful pathway towards the Pledging Conference, with a number of key contributors indicating a doubling of Independent Redress Mechanism contributions.

9. Targeted dialogues also advanced complementarity and coherence efforts seeking to maximize programming efforts with the Adaptation Fund, Global Environment Facility and Climate Investment Funds and the results of these efforts are outlined in more detail in annex III to this document, which presents the annual update on the implementation of the operational framework on complementarity and coherence.

### 1.3.2. **Strengthening country ownership and the capacity of national designated authorities**

10. Approvals of readiness proposals continued at a slower pace than anticipated during the reporting time frame but a surge in submissions occurred at the end of August, indicating yearly KPIs may be met by the end of the year. The number of proposals under implementation is projected to increase by the end of the year, but disbursement figures remain low, with a number of proposals requiring extensions owing to limited capacity within delivery partners. The Secretariat is continuing to maintain dialogues with NDAs and delivery partners to minimize these delays and is striving to anticipate issues at the proposal development stage, guiding improved proposal structuring.

11. The Secretariat continued to enable the provision of technical support for NAPs for countries working through national delivery partners, and has maintained active support for

DAEs, including through the establishment of a community of practice for DAEs in collaboration with the Adaptation Fund. As more readiness proposals move towards implementation, the Secretariat also established an internal readiness knowledge bank, which gathers the outcomes and outputs of readiness activities in countries across key activity ranges.

12. The Secretariat also planned, with partner organizations, specific training events for NDAs and related government agencies to deepen their understanding of GCF operations and to strengthen their programming capacity, with most of these training events being organized during the September to December period.

### **1.3.3. Strengthening efforts to assess and articulate the climate impact of proposed GCF work in order to build a paradigm shifting portfolio**

13. The Secretariat continued its work in mainstreaming climate considerations across its operations, strategies and policies in support of its paradigm-shifting mandate and working with countries and entities to enhance the climate considerations of funding proposals. During the reporting period, collaboration with the World Meteorological Organization on developing guidance, tools and methodologies to support countries and entities advance their programming based on priority climate needs progressed through a number of consultations.

14. Building on country needs identified through nationally determined contributions (NDCs) and emerging country programmes, the Secretariat is also evolving sector-specific guidance highlighting areas of highest priority for countries and which also have the highest potential to deliver transformational climate results. These are expected to be finalized in early 2020.

15. Revisions have also been made to relevant templates, including the funding proposal template, to support the better articulation of climate needs, impacts and potential within proposals being developed for the GCF.

16. In parallel, the GCF knowledge management strategy evolved through a knowledge gap analysis and efforts to outline a roadmap for installing a successful knowledge management system (KMS) in 2020 and Secretariat efforts also continued in advancing the update of the Gender Policy.

### **1.3.4. Operationalizing a proactive and strategic approach to programming**

17. The Secretariat continued its ongoing review of received concept notes (CNs) and funding proposals taking into consideration the remaining commitment authority for 2019. The 2019 targets of total funding proposal envelopes have already been met for the year and likely to be exceeded following B.24.

18. Substantial efforts have been made to facilitate an uptake of proposals under the simplified approval process (SAP) modality through dedicated webinars in multiple languages and development of sectoral guidance for SAP. A review of SAP is also in progress. Progress was also made to disseminate knowledge and grow understanding of the REDD-plus requests for proposal (RFPs) and the Secretariat expects that the funding allocation under the REDD-plus RFP will be fully absorbed in 2020. Greater progress has been seen in advancing proposals under the mobilizing funds at scale (MFS) RFP, with two proposals scheduled for B.24 worth USD 78.9 million, which would get closer to meeting the MFS targets for the year. Challenges persisted in advancing uptake under the enhanced direct access (EDA) pilot programme and micro, small and medium-sized enterprises (MSME) RFPs, which will be reviewed as part of the 2020–2023 Strategic Plan which will be further developed for adoption at twenty-fifth meeting of the Board (B.25), following initial consultation at the twenty-fourth meeting of the Board (B.24).

19. The Secretariat enhanced its support to country programming and, since May 2019, an additional 12 countries have received technical support to expedite development of their country programmes in alignment with GCF guidelines. A pilot initiative is also being implemented with the aim of strengthening the capacity of NDAs and focal points to develop evidence-based and scientifically informed country programmes that identify investment priorities for the GCF.

20. Cross-Secretariat outreach and missions have continued to support national consultation processes and programming and building the capacity of DAEs, as part of a strategic engagement plan for countries in 2019. The details of these engagements are outlined in Annex I. In addition, the pioneering Global Programming Conference held in Songdo provided a unique opportunity to advance programming discussions with GCF's country and entity networks and accelerate efforts to strengthen NDA and DAE capacity.

### **1.3.5. Accelerating implementation and managing for results**

21. There has been continuing substantial progress on moving the GCF portfolio towards implementation, with 55 per cent of funding now being under implementation, facilitated by 70 per cent of accredited entities (AEs) having signed an accreditation master agreement (AMA) with the GCF and 70 per cent of approved funding proposals having a signed funded activity agreement (FAA). The KPI on finalization of legal agreements has already been met for the year and disbursement projections indicate that these will also be met by the end of 2019.

22. Overall timelines for moving projects towards implementation have also decreased, particularly for recently approved projects, and the trend is expected to continue as a wider percentage of AEs finalize legal agreements with the GCF, and having an effective AMA remains a pre-condition for Board consideration and approval of funding proposals. B.23 also saw the first instance of an FAA being finalized at the same Board meeting as approval of a funding proposal, as a result of legal arrangements being kick-started prior to Board consideration.

23. In parallel with efforts to finalizing legal agreements to accelerate implementation, the GCF has advanced work internally to establish a portfolio performance management system (PPMS) and also to update the RMF in line with Board mandates. The PPMS will establish internal mechanisms to monitor and assess the performance and health of the overall portfolio under implementation and it will also be used to monitor the anticipated outcomes and impacts of the GCF portfolio. Looking to update the RMF, the GCF successfully procured external support services to support this work prior to Board consultation. The work under way is striving to evolve the RMF with a view to putting in place mechanisms that use both qualitative and quantitative indicators to improve tracking of progress in delivering the paradigm-shifting mandate of the GCF, while also ensuring alignment with reporting under the Paris Agreement and the 2030 Agenda as well as building on systems that are already in place.

### **1.3.6. Efficient and effective operational processes and systems**

24. During the reporting period the GCF has oriented efforts towards finalizing the reorganization of its internal structure, further clarifying the roles of internal decision-making bodies such as the senior management team, Operations Committee and the newly established Climate Investment Committee which will oversee the GCF's development, management and financial planning of the Fund's pipeline of projects. The reorganization has been aligned with the proposed project review cycle and will culminate in the development of an updated operations manual and a Funding Proposal manual to be finalized by the end of the year. In parallel, a job evaluation exercise has been completed to better align staffing roles to institutional business functions.

25. Externally, communications efforts increased in support for the replenishment outreach agenda, focused on establishing recognizable branding, enhancing the social media focus and producing project stories. These have generated a wealth of support for replenishment from partner organisations, AEs, global climate advocates and political leaders.
26. At the institutional level, limited progress has been noticed in terms of advancing coverage under P&Is due to limited awareness of the importance of P&Is for risk management and maintaining effective and efficient operations of an international organization as well as limited political impetus.
27. The Secretariat has also assessed the requirements of implementing the recently approved policy on the Prevention and Protection from Sexual Exploitation, Sexual Abuse and Sexual Harassment (SEAH Policy) and identified that additional resources will be required to fill capacity and knowledge gaps within the Secretariat.
28. Further advances that have been delivered include improving internal information and communication technology (ICT) systems, progressing the procurement guidelines following a the Board delegation at B.23 to the Secretariat, maintaining a steady implementation of the compliance policy and further elaborating financial procedures.

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

### **2.1 Supporting the Board in taking informed decisions, enhancing responsiveness to guidance from the Conference of the Parties and preparing for replenishment**

#### **2.1.1. Providing effective support for Board decision-making, including on closing policy gaps**

29. 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.23 as well as for preparation for B.24. The Secretariat continued its efforts to provide high-quality support for meetings of the Board, including through regular coordination calls with the Co-Chairs, agenda preparation and issuance, ensuring the timeliness of Board document preparation and publication, facilitating the issuance of decisions, and post-meeting reporting. Further information on these efforts is provided in document GCF/B.24/XX titled “Report on the activities of the Co-Chairs”.
30. Following the issuance of Drf.01 of the B.23 provisional agenda, the Secretariat produced more than 35 documents for the consideration of the Board at B.23, along with nine funding proposals, one SAP proposal and one restructuring paper. Additionally, in line with the Co-Chairs’ guidance, the Board was invited to provide comments on several B.23 draft documents through a Board consultation process, and the feedback was taken into account by the Secretariat prior to the publication of the final drafts.
31. The Secretariat also supported the intersessional meeting of the group of Board members working on consensus at the request of the Co-Chairs. As part of this support, calls were organized and documents recording information on the status of consideration of policy and funding proposals items by the Board were developed and provided to the group to assist their consideration.
32. At B.23, with the support of the Secretariat, the Board adopted a number of policies, procedures and standards, closing long-standing policy gaps, including:

- (a) Procedures for adopting decisions in the event that all efforts at reaching consensus have been exhausted (decision B.23/03);
- (b) The Policy on Ethics and Conflicts of Interest for Active Observers of the Green Climate Fund (decision B.23/08);
- (c) The risk management framework component VIII – compliance risk policy (decision B.23/14);
- (d) Standards for the implementation of the Anti-Money Laundering and Countering the Financing of Terrorism Policy (decision B.23/15); and
- (e) The Policy on the Prevention and Protection from Sexual Exploitation, Sexual Abuse and Sexual Harassment (decision B.23/16).

33. Within the reporting period, the Secretariat also supported the Board in considering and adopting decisions between meetings. Further details on these decisions are provided in document GCF/B.24/Inf.11 titled “Board decisions proposed between the twenty-third and twenty-fourth meetings of the Board”.

34. The Secretariat also provided support to the Co-Chairs in developing a proposal for a four-year Board work plan, to be consulted with the Board and presented for Board consideration at B.24. The proposal would enable the Board to transition towards long-term strategic work planning by regularizing policy development, update and review cycles, simplifying Board agendas and delegating operational matters as appropriate.

35. In parallel, the Secretariat is working to make available current Board-adopted policies governing GCF operations and these will become available in the new GCF website once launched, making them more accessible.

#### **2.1.2. Enhance accountability to the Conference of the Parties**

36. In line with the arrangements between the COP and GCF, the Secretariat prepared the first draft of the “Eighth Report of the Green Climate Fund to the Conference of the Parties to the United Nations Framework Convention on Climate Change”. The draft report was presented to the Board for its consideration at B.23. The Board, in its decision B.23/04, requested the Co-Chairs to finalize the report taking into consideration the comments made and decisions taken at B.23, and submit the revised report to the UNFCCC secretariat no later than 12 weeks prior to the twenty-fifth session of the Conference of the Parties. The report was submitted to the UNFCCC secretariat on 2 September 2019, more than 12 weeks in advance of the COP deadline as required by COP guidance and relevant Board decisions.

37. The Secretariat, led by the Executive Director and coordinated by OGA, participated in the fiftieth session of the subsidiary bodies to the UNFCCC (SB50) and the Secretariat also coordinated the technical expert meeting on adaptation (TEM-A).

38. Further details on GCF participation in SB50 are included in annex I to this document.

#### **2.1.3. Supporting the Board to conduct the first formal replenishment**

39. The Secretariat supported a second consultation meeting on the first replenishment, held in Ottawa, Canada, from 29 to 30 August 2019. The meeting was chaired by the Global Facilitator, Mr. Johannes F. Linn, who was appointed by the Board for the first formal replenishment process of the GCF through decision B.BM-2019/07. Participants comprised 27 potential contributors, the two GCF Board Co-Chairs and six GCF Board members, one observer each from the UNFCCC, the Global Environment Facility and civil society organizations (CSOs), the GCF Executive Director, and the Trustee.

40. The meeting discussed (i) the “Forward-Looking Performance Review of the Green Climate Fund” by the Independent Evaluation Unit (IEU) and the Secretariat management response; (ii) the draft Replenishment Summary Report; (iii) updated policy for contributions; (iv) the replenishment target, scenarios and other financial planning matters; and (v) next steps and preparation for the Pledging Conference.

41. The updated policy for contributions was agreed among the contributors at the second consultation meeting and will be presented at the Pledging Conference and at B.24 for the Board’s consideration. On the basis of the comments received from the participants of the consultation meetings and the Board members at the second consultation meeting, the Secretariat is preparing the updated Replenishment Summary Report to be presented at the Pledging Conference (24–25 October 2019, Paris) and subsequently for the Board’s consideration of the replenishment outcome.

42. The Secretariat also welcomed further contributor pledging announcements which amounted to USD 5.9 billion by 31 August 2019, from Canada, France, Germany, Norway and the United Kingdom of Great Britain and Northern Ireland.

#### **2.1.4. Driving the update of the initial Strategic Plan for the GCF**

43. The Secretariat worked under the guidance of the Co-Chairs to build a first draft of the 2020–2023 Strategic Plan to be considered by the Board at B.24. The 2020–2023 Strategic Plan outlines a more comprehensive and ambitious action agenda for the GCF for the next four years of operation, supporting the GCF in fully tapping into its unique business model to deliver on paradigm-shift while maximizing operational efficiency and effectiveness to respond with greater speed and urgency to the needs of developing countries.

44. The draft 2020–2023 Strategic Plan was developed to take into consideration a series of parallel consultative processes informing the future strategic directions of the GCF. These include the findings of the initial Forward-looking Performance Review carried out by the IEU and presented at B.23, the 77 submissions from Board members, countries, AEs, observers and the Private Sector Advisory Group on matters of priority to be taken up under the 2020–2023 Strategic Plan, as well as the outcomes of the consultations on the strategic programming paper for the first replenishment of the GCF by the Board and those involved in the Replenishment process.

45. For the first time, an Integrated Resources and Results Framework (IRRF) has been developed under the Strategic Plan, informed by a bottom-up financial model with a view to illustrate the potential resource allocation and anticipated results for the 2020–2023 programming period. The model has been build starting off a set of assumptions informed by IRM programming and results while also accounting for a set of operational efficiency measures that are expected to be achieved during 2020-23.

#### **2.1.5. Enhance complementarity and coherence with other climate finance delivery channels**

46. In pursuit of KPI 1.4, the Secretariat continued implementing the operational framework on complementarity and coherence. Work progressed on fund-to-fund arrangements, with pilot countries looking at joint programming across climate funds and through the development of sectoral guidance and knowledge exchange on results management; while activity-level coordination has seen collaboration between the GCF and the Adaptation Fund on promoting a community of practice for DAEs. In parallel, joint national programming advanced in a number of countries with a growth in requests to the Readiness Programme targeting coherence at the national level. Finally, the Secretariat continued dedicated dialogues with the other climate funds on the side-lines of the meetings of the subsidiary bodies to the UNFCCC and at the

Songdo-based 2019 GCF Global Programming Conference. Further information on missions related to engagement with climate funds is provided under annex I of this document on “Secretariat missions: outcomes and lessons learned”.

47. The annual update on the implementation of the operational framework on complementarity and coherence and the activities pursued across the four pillars of the framework is included in annex III to this report to ensure the provision of information requested as requested by Board mandate (decision B.20/05), substituting separate annual reporting to the Board.

#### **2.1.6. Raising the profile of GCF through targeted outreach**

48. In the context of GCF replenishment process, the Secretariat has made extensive efforts to increase outreach and engagement with key stakeholders to strengthen partnerships and raise the profile, visibility and public awareness of the GCF at various levels.

49. This has included capital visits and bilateral outreach visits led by the Executive Director in Austria, Belgium, Canada, Egypt, Germany, Ireland, Italy, Japan, Luxembourg, Morocco, the United Kingdom and the United States of America, along with regular engagements with the United Nations, gathering support for the GCF from the United Nations Secretary General and the Deputy Secretary General. The Secretariat also led on the organization of a side event at the High-level Political Forum on Sustainable Development. The outcomes of these outreach missions are further outlined in annex I of this report.

50. Overall, outreach efforts as outlined above contributed to mobilising global leadership and political support for a successful and ambitious replenishment. It also contributed to sharing GCF's country experiences and supporting peer to peer learning.

51. The diverse partnerships of GCF provide the opportunity to build on a unique set of knowledge and experiences to drive innovation and systematic change that achieve climate ambitions. To further strengthen the role of GCF as a key partnership for ambitious climate action, a dedicated partnership strategy is presently under development. It will outline the organization-wide approach to fully realize the GCF partnership model and define some key actions and initiatives moving forward. These will help GCF to better prioritize and nurture its partnerships in the future, and foster visibility and awareness, as well as strengthen GCF as a knowledge hub for climate finance and foster long-term resource mobilization and GCF's political accountability towards its contributors.

#### **2.1.7. Supporting the engagement of observer organizations with GCF**

52. The Secretariat opened the twentieth round of applications for the accreditation of observer organizations and launched a new online application system as an alternative to email submissions. On the basis of the review of the applications received, recommendations are scheduled to be presented by the Secretariat to the Board for accrediting additional observer organizations through a decision proposed between B.23 and B.24. The Secretariat also managed correspondence with observers and will coordinate the observer registration process to enable their participation in B.24.

53. In accordance with decision B.23/02, the Secretariat began conducting further consultations with active observers and accredited observer organizations in relation to the comprehensive review of the participation of observers in the activities of the Board, with a view to identifying existing gaps and necessary improvements.

#### **2.1.8. Facilitating and monitoring the implementation of the Information Disclosure Policy**

54. The Secretariat has advanced new practices in enhancing the transparency of its investments, following on from the proactive disclosure of non-confidential annexes of SAP 007 at B.23. The Secretariat will routinely disclose on the GCF website the annexes of all B.24 public sector Funding Proposals (FPs), subject to the redaction of confidential information identified by the accredited entity concerned. Furthermore, a dedicated information disclosure section to be filled out by accredited entities in the new FP template will further facilitate the implementation of this practice.

55. The Secretariat reviewed forms submitted by AEs covering their disclosure of environmental and social safeguards (ESS) reports for funding proposals for the Board's consideration in accordance with the Information Disclosure Policy and Environmental and Social Policy requirements, and facilitated the timely disclosure of such forms to the Board members, active observers and to the public through the GCF website. Twelve reports were submitted to Board members and active observers during the reporting period.

56. The Secretariat also facilitated the disclosure of an ESS report for a subproject of a programme that was approved at B.21, in accordance with the condition set out by the Board. OGA coordinated the Secretariat's responses to information requests under the Information Disclosure Policy.

57. In accordance with decision B.21/18, one active observer from CSOs and one active observer from private sector organizations were invited to the second consultation meeting on the first formal replenishment held in Ottawa, Canada, from 29 to 30 August 2019. The CSO active observer from developed countries participated in the meeting.

## 2.2 Strengthening country ownership and the capacity of national designated authorities

### 2.2.1 Enhanced delivery and improved quality of readiness support

58. During the reporting period the Secretariat approved an additional 12 standard readiness requests amounting to USD 4.21 million. Approvals have been slower in the 3<sup>rd</sup> quarter of the year but an uptake in proposal submissions occurred closer to the end of August submission deadline, indicating that the 2019 KPI on number of proposals approved is likely to be met during Q4. This would also reflect historical trends where the end of the year sees an increase in Readiness requests being submitted to the Secretariat as countries seek to utilize funding up to the 1 million/year Readiness cap.

59. By 31 August 2019, 39 readiness grants had been completed and the average number of days spent from approval to implementation has been steadily decreasing, from 280 in 2015 to 62 in 2019, by approval year. However, the implementation of readiness activities by delivery partners remained slow: the Secretariat has approved 52 no-cost extensions for an average of 11 months. Of the 270 approved requests, 248 are receiving disbursements amounting to USD 62.76 million by 31 August 2019, comprising USD 17.20 million for NAPs and USD 45.56 million for non-NAP grants. The Secretariat has noticed a trend in proposals experiencing difficulties in shifting towards second disbursements, which has resulted in the total amount disbursed for readiness activities being below the target in the 2019 Work Programme. This is largely owing to capacity issues within delivery partners, proposal structural issues in older proposals currently under implementation, delays granted through no-cost extensions and limited Secretariat capacity to engage full-time in troubleshooting implementation issues.

60. Measures to improve efficiency and quality include collaborative discussions with NDAs and delivery partners regarding the support needed to deliver the readiness activities on time and with sufficient quality. These measures have also entailed: more rigorous review of

proposals to ensure they are planned to facilitate implementation; upstream discussions with NDAs and delivery partners to assist them to properly conceptualize readiness grant ideas; and advising NDAs on the importance of and best practices in selecting the appropriate delivery partner.

61. In partnership with Deutsche Gesellschaft für Internationale Zusammenarbeit and Frankfurt Management School, the Secretariat organized five training workshops for NDAs in English, French and Spanish, attended by 89 people from 84 countries. These workshops enabled the participants to gain a much better understanding of the strategic roles of NDAs, enhancing their ability to prioritize potential GCF investments, convene stakeholders, and address institutional and governance challenges. Materials provided for the training will be made available online early in 2020.

62. The Secretariat has revised or is currently revising the many documents in relation to the revised strategy for the Readiness Programme, as adopted by decision B.22/11. The scope of this work covers the internal Secretariat legal framework, the readiness administrative instruction, the *Readiness Guidebook*, the readiness proposal and reporting templates, and the development and implementation of standard operating procedures. In order to promote higher-quality readiness requests, the Secretariat has developed and will include in the *Readiness Guidebook* a set of proposal review criteria and associated examples of good practice guidance. In addition, a quality assurance checklist has been developed to guide the review process internally and to provide additional insight to the review process to NDAs and delivery partners.

#### 2.2.2. **Providing strategic support for national adaptation planning**

63. The Secretariat has continued to support countries that are formulating their NAPs and other adaptation planning processes. Since the last reporting period (April 30, 2019), four additional proposals worth USD 10.36 million have been approved. The Secretariat has also been actively facilitating disbursements for adaptation planning proposals, which resulted in the first disbursement for six additional proposals during this reporting period. With regards to the relevant 2019 KPI, there are similar issues of slower uptake in proposal approval and disbursement in NAP proposals as can be observed for the standard readiness proposals, outlined in section 2.2.1 above.

64. The Secretariat has also provided technical assistance for the NDAs/focal points on the development of their adaptation planning proposals when they choose to work with national or regional delivery partners. During this reporting period, two countries benefited from such support. Additionally, the Secretariat continues to work on reducing the processing time and improving the clarity of comments. To support this, NDAs and delivery partners are encouraged to schedule conference calls with the Secretariat on comments generated, particularly after a first submission. Three independent consultants have been retained to assist with this process.

#### 2.2.3. **Support for direct access entity accreditation, as well as upgrading and accelerating direct access entities**

65. 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 support includes in-kind support, providing institutional gap assessments and action plans, the online accreditation self-assessment tool<sup>1</sup> and engaging a

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<sup>1</sup> The tool, developed with Deutsche Gesellschaft für Internationale Zusammenarbeit GmbH and the World Resources Institute, is available at <<https://www.greenclimate.fund/how-we-work/getting-accredited/self-assessment-tool>>.

roster of institutions that will provide technical and capacity-building support to both applicant and accredited DAEs in environmental, social and gender aspects of the proposed projects/programmes.

66. As of 31 August 2019, 39 DAEs in the accreditation pipeline and 10 accredited DAEs have received readiness support from GCF to meet the accreditation standards and to further strengthen their institutional capacities to develop a pipeline of projects/programmes for GCF. The Secretariat is discussing potential readiness support with an additional 11 DAEs.

67. An innovative approach to supporting DAEs has also seen the Secretariat advancing a community of practice for DAEs in collaboration with the Adaptation Fund, the details of which are described in annex III to this report. A number of Secretariat-led missions focused on DAE support also took place during the reporting period and these are described in annex I.

#### 2.2.4. Monitoring and sharing of readiness outcomes

68. The Secretariat has received a total 318 interim progress reports and 33 completion reports, of which at least 99 interim progress reports triggered a subsequent disbursement and 18 completion reports were reviewed as at 31 August 2019. Also, no-cost extensions for 61 grants had been processed and approved as at the end of August 2019.

69. The Secretariat has started an analysis of targeted outcomes and completed achievements reported in the readiness proposals and project completion reports submitted by end of 2018 as an initial outcome analysis of the first phase of readiness support. Results and findings will be included in the second "Portfolio performance report" in 2019.

70. A mix of qualitative and quantitative outcome and output analyses of the readiness programme has been developed by the Office of Portfolio Management and 176 non-NAP proposals were analysed. In total, eight key outcomes were analysed for the 2018 annual portfolio performance report: (i) national coordination mechanisms, (ii) no-objection procedures; (iii) stakeholder engagement; (iv) country programme; (v) nomination and accreditation of DAEs; (vi) CN development; (vii) funding proposal development; and (viii) private sector engagement.

71. Key findings of this analysis are as follows:

- (a) Fifty-six countries reported engaging stakeholders, with the number of participants reaching 7,588;
- (b) Fifteen countries submitted no-objection procedure documents;
- (c) Twenty countries reported submitting a country programme;
- (d) The number of DAEs nominated by NDAs stood at 34, and in total 3 DAEs were accredited;
- (e) Seven countries reported developing 15 CNs, using readiness funds;
- (f) Three countries reported developing eight funding proposals; and
- (g) Twelve countries reported engaging 263 private sector players on issues relating to accreditation or other climate finance matters.

72. The Secretariat also developed a readiness knowledge bank by compiling all deliverables finalized by NDAs or delivery partners which has been made available to staff on the Secretariat's internal ICT systems. This knowledge bank aims to be an action learning tool that captures key achievements, challenges, lessons learned and good practices. The Office of Portfolio Management has also been working with the Secretariat's Knowledge Management Team to develop a knowledge booklet which will capture each of the sub-outcome areas. While

this is still a work in progress, a draft brochure is being developed to capture what countries such as Antigua and Barbuda, Cook Islands, Mongolia and Guyana have achieved in terms of developing no-objection procedures that ensure consistency with national climate strategies and plans and country-driven approaches.

## 2.3 Strengthening efforts to assess and articulate climate impact and build a paradigm-shifting portfolio

### 2.3.1. Embed climate rationale across all GCF projects and programmes

73. Discussions during previous Board meetings have emphasized the need to clarify how climate change mitigation and adaptation impacts would be delivered in all GCF projects and programmes. At its nineteenth meeting, the Board, through decision B.19/06, requested the Secretariat to develop for the Board's consideration an integrated approach to address policy gaps and consider their interlinkages, including steps to enhance the climate rationale of GCF-supported activities.

74. Since then, the Secretariat has taken steps to enhance the climate rationale across GCF-supported projects and programmes, including updating the CN and funding proposal templates and providing guidance to NDAs, AEs, readiness delivery partners and other stakeholders through various publications and events. This ongoing work is being deepened with the support of the World Meteorological Organization, by the development of methodologies and guidance related to elements of the climate rationale, which will also have implications for appraisal analysis and tools.

75. The funding proposal template has been revised to include more details on what is expected in terms of information on the climate context, problem articulation and impact potential.

### 2.3.2. Evolving sectoral guidance

76. In line with the 2019 Work Programme, in response to requests from the Board, and based on an understanding of country needs and the potential to deliver greatest impact for countries across sectors, the GCF is also developing sector-specific guidance across its eight result areas. Sector guidance aims to address areas that have been identified as top priority under country NDCs and evolving country programmes and which also have the highest potential for transformational climate impact.

77. The Secretariat has led consultations to support their development and these aimed to gather inputs and validation from developing country representatives, accredited entities and technical partners. Communities of practice have also been asked to weigh in on these sectoral documents in order to help them evolve based on best available global expertise.

78. To date, a total of eight consultations were held for agriculture, cities, early warning systems, renewable energy and forestry and land use. These were organized back-to-back or during major international events with specific sector focus in order to reach a wide range of stakeholders. Examples of such events include: Global Landscapes Forum during the SBSTTA, 6<sup>th</sup> Global Platform on Disaster Risk Reduction, International Conference on African Development, Global Scientific Conference on Climate-Smart Agriculture, and others. The Global Programming Conference also included a programme of dedicated panels focused on each sector, fostering technical discussions between the Secretariat, NDAs and AEs. During the consultations, the Secretariat sought views from the participants on how the guidance addresses country needs and facilitates project proposal development for the GCF. Further details on the development of

sectoral guidance and related consultations can be found in GCF/B.24/Inf.08/Add.02 “Preparation of sectoral guidance”.

79. Sectoral guides are currently at various stages of development and are expected to be finalized early in 2020 following the conduct of additional consultations scheduled for the rest of the year. The guides will be published on the GCF website following finalization.

### **2.3.3. Consolidate the GCF policy framework and addressing policy gaps through an integrated approach**

80. In response to the Board mandates made at the seventh meeting of the Board requesting the Secretariat to review the initial investment framework and at B.19 to develop an integrated approach to policy development, the Secretariat has been progressing the development of policies and guidelines to address policy gaps.

81. In response to decision B.22/02, paragraph (c), the Secretariat has further supported the development of (i) the policy on co-financing; and (ii) policy guidelines on the programmatic approach. The draft versions of both these documents have been published previously for consideration at B.20, B.21 and B.23 and have since been modified to reflect comments received from the Board and AEs, where appropriate. Through previous decisions, the Board identified the need to look at areas where GCF can support adaptation activities and also reflect on recommendations previously issued by the Private Sector Advisory Group and as a response, the Secretariat has supported the development of a paper on “Matters related to GCF support to adaptation”. Pending the finalization of meeting agenda, these may be considered by the Board at B.24.

82. Following approval by the Board, in decision B.23/02, paragraph (f), of the approach to developing the environmental and social safeguards of GCF, the Secretariat has developed the terms of reference for the process, detailing the schedule, key milestones and deliverables. The process will take into account the findings of the IEU evaluation of the environmental and social safeguards of the GCF and ESMS.

83. A guidance note on screening and categorizing GCF-financed activities has also been developed. This guidance note provides practical considerations for countries, AEs, executing entities and the Secretariat in screening environmental and social risks and the impacts of projects and assigning risk categories as defined in the GCF Environmental and Social Policy.

84. In relation to the Indigenous Peoples Policy of the GCF, the Indigenous Peoples Policy Operational Guidelines were finalized following stakeholder consultations and the terms of reference of the group have been drafted and are under review.

### **2.3.4. Actions taken to include gender considerations in GCF activities**

85. The Secretariat has continued with the work of advancing gender mainstreaming across its activities. At the portfolio level, the Secretariat is proactively reviewing CNs, funding proposals, readiness proposals, PPF requests and NAPs to ensure that gender considerations are included in order to meet the objectives of the commitments under the GCF Gender Policy. As part of the project appraisal process, AEs have been undertaking gender assessments and developing gender action plans. To date, 95 per cent of all approved funding proposals contain gender assessments, and 89 per cent of all approved funding proposals contain project-level gender action plans. All funding proposals presented for the Board’s consideration at B.24 have been subjected to gender assessments and provide project-level gender action plans. The project-level gender action plans include activities that are aimed at addressing the gender-related challenges identified through the gender assessments, and also include indicators and

targets to measure results and resources to ensure the implementation of activities such as appropriate human as well as financial resources.

86. In addition to the review of readiness proposals, gender-related activities have continued to be integrated into the Readiness Programme as a whole, and the Secretariat is in the process of securing resources to develop and deliver training on gender, ESS and indigenous peoples. This work will focus on assessing the capacity needs of and developing targeted gap analysis of NDAs and AEs to fulfil the requirements of the gender, ESS and indigenous people's policies. In addition, the Secretariat has augmented its capacity by having an additional consultant on its roster of experts to assist in the review of funding proposals and refining gender-related guidelines and checklists. The Secretariat is also in the process of securing the services of a firm to review and provide support in the review of funding proposals.

87. Following the adoption of the GCF Gender Policy in 2015 and as per decision B.12/16, the Secretariat has engaged in updating the GCF Gender Policy. The updated Gender Policy and Gender Action Plan were presented to the Board at its twenty-second meeting (B.22). Following the presentation, the Board mandated Board members from Canada and Egypt to continue consultations with the Board and a decision, B.22/17, was made for the revised GCF Gender Policy and Gender Action Plan to be presented for consideration and approval at B.23. Since B.22, the Secretariat has continued to provide technical support to the advisers to the Canadian and Egyptian Board members.

88. Following decision B.23/09, the Secretariat conducted a survey of DAEs and other AEs, and NDAs/focal points to determine the implementation considerations, including direct costs and benefits associated with the implementation of the GCF Gender Policy. A draft policy and action plan were circulated to the Board in October 2019 together with the implementation considerations, in order to gather comments.

### **2.3.5. Develop and operationalize effective knowledge management systems**

89. To support the GCF in running effective knowledge management practices in line with the Governing Instrument for the GCF, a KMS is currently being established to position the GCF as a knowledge hub for scaling-up paradigm-shifting climate change mitigation and adaptation actions in the climate finance landscape. The KMS is intended to establish a collaborative culture within GCF and an enabling environment for knowledge generation, capture and sharing to improve the efficiency and effectiveness of GCF operations.

90. In June 2019, GCF initiated its activities to develop the KMS with the on-boarding of an external consultancy firm which conducted an organization-wide knowledge gap analysis exercise through more than 10 workshops, to identify the critical knowledge needed for GCF to achieve its mission. In line with the GCF mandate and theory of change, a knowledge management theory of change was drafted. Workshops were conducted to inform the design of the GCF knowledge management strategy, the knowledge hub roadmap and innovation plan, and to inform the GCF knowledge generation mechanism. In parallel, GCF is continuing the organization-wide taxonomy development exercise to improve the classification and categorization of GCF documents.

91. Externally, dedicated engagement meetings were held on the margins of the GCF 2019 Global Programming Conference and a workshop was conducted to consult key stakeholders (United Nations agencies, multilateral development banks, DAEs and NDAs) on the draft knowledge management theory of change and the draft outline GCF knowledge management strategy. The discussion was structured around how GCF can ensure the success of its proposed knowledge management strategy; potential pitfall areas to avoid when operationalizing the strategy; and the role of GCF partners in supporting its knowledge management objectives. Inputs and contributions from GCF stakeholders were incorporated into ongoing work on the

design of the knowledge management strategy, which is expected to be finalized by end of the year in draft form.

## 2.4 Operationalizing a proactive and strategic approach to programming

### 2.4.1. Develop a framework for annual GCF pipeline and business planning

92. The Secretariat continued to implement its financial planning approach, in response to decision B.21/14, through pipeline screening meetings held with the senior management team, taking into consideration the remaining commitment authority and gaps in utilizing funding allocated for RFPs.

93. The Secretariat has also set up a Climate Investment Committee that is overseeing the development, management and financial planning of the Fund's pipeline of project and carry project review from country programmes to FP approval by Board.

### 2.4.2. Continue to enhance concept note and funding proposal reviews as support for pipeline and portfolio building

94. As at 31 August 2019, the GCF pipeline consisted of 78 public and private sector funding proposals and 268 CNs. During the reporting period, 10 new funding proposals were submitted, of which nine were developed from CNs which had been reviewed by the Secretariat. Some 47 new CNs have been also submitted and reviewed along with the other 221 CNs in the existing pipeline.

95. During this reporting period the average time from the date of first funding proposal submission to the date of first feedback from the Secretariat was 31 days for all AEs, and 24 days for DAEs. The average time from the first submission of the funding proposal for Board approval is 283 days for all AEs, and 225 days for DAEs. The average time, during this reporting period, from the date of the CN submission from the AEs to the date when feedback is delivered from the Secretariat is 27 days for all AEs as well as for DAEs.

### 2.4.3. Overseeing funding proposals presented for Board consideration

96. During the reporting period, the Secretariat had facilitated the submission of 16 funding proposals (13 public sector projects and 3 private sector projects) to the independent Technical Advisory Panel (TAP) for review by August 2019, and supported preparations for an onsite meeting of the independent TAP held in Songdo from 15–25 September 2019. Of those 16 funding proposals, two funding proposals were not progressed by the independent TAP owing to the project's lack of readiness: in one case, the lack of country ownership in particular no-objection letters missing from most of the countries involved; and, in the other case, that it does not transparently demonstrate the potential impact, efficiency and effectiveness of the project, with particular reference to the water balance, its baseline and future trends.

97. As a result, 14 proposals will be presented for the Board's consideration at B.24 and the Secretariat is working to finalize the full funding proposal packages, including Secretariat assessment findings, gender assessments, independent TAP assessments, and all annexes prior to Board publication.

### 2.4.4. Promote the uptake of the simplified approval process

98. As at the reporting date, the SAP pipeline consisted of a total of 76 CNs and funding proposals, with requested GCF funding of USD 673 million and a total investment of USD 1.8 billion, when taking co-financing into account. Of the 76 proposals, 66 are public sector,

consisting of 53 CNs and 10 funding proposals. From the private sector, there are 9 CNs and 1 funding proposal.

99. During the reporting period, the SAP pipeline continued to grow substantially. Since the last reporting period, the number of SAP submissions (CNs and funding proposals) grew by 33 per cent and the corresponding increase in the amount of GCF funding requested was 35 per cent (from USD 496 million to USD 673 million). Given the current level of demand for SAP, further efforts have been taken to enhance the quality at entry of SAP proposals through the provision of technical support to the AEs.

100. Concerning the origination of SAP proposals, the Secretariat has continued to engage with DAEs and technical assistance was deployed to one DAE from a small island developing State, in response to decision B18/06. As the demand for SAP technical support from AEs and NDAs grows, especially from African countries, an RFP was tendered to seek a qualified professional service provider to provide the necessary technical support.

101. The Secretariat continued to build capacity through the delivery of webinars on SAP for REDD-plus in English, Spanish and French, with the aim of promoting the submission of REDD-plus projects under the SAP that can strengthen developing countries' capacity to access results-based payments.

102. In line with the complementarity and coherence framework, a collaboration has started with the Adaptation Fund to identify its projects or programmes that can be scaled up through the SAP.

103. The trigger for the SAP review will be met in B.24. As mandated by decision B.18/06, steps have been taken towards consulting the relevant stakeholders and gathering lessons learned from the implementation of the SAP pilot scheme. Response to increased SAP demand is limited by the fact that processing SAP proposals require as much staff time and capacity as regular FPs while the average size of a SAP is a quarter the size of a regular FP. Evolving recommendations on the SAP modality under the pilot scheme review take into account the high transaction costs of the SAP modality and focus on adopting more effective and efficient solutions for both the due-diligence and approval of SAP proposals.

#### **2.4.5. Maximizing private sector engagement, including through dedicated mobilizing funds at scale and micro, small and medium-sized enterprises requests for proposal**

104. Through decision B.13/22, the Board approved the micro, small and medium-sized enterprise (MSME) pilot RFP, deciding to limit GCF participation in the first tranche to USD 100 million. Following the close of the MSME RFP in August 2016 and through the competitive evaluation process, the Board approved two funding proposals for a total of USD 40 million. The approved projects are the "Business loan programme for GHG emissions reduction" proposal (FP028) submitted by Mongolia-based XacBank to which GCF has disbursed its total commitment (USD 20 million) and the "Low-emission climate resilient agriculture risk sharing facility for MSMEs" proposal (FP048) (USD 20 million) submitted by the Inter-American Development Bank to be implemented in Guatemala and Mexico.

105. Of the shortlisted CNs, one MSME proposal submitted by African Development Bank, "Program on Affirmative Finance Action for Women in Africa (AFAWA): Financing climate resilient agricultural practices in Ghana", was approved by the Board at B.23. The Secretariat, in consultation with the AE and NDA, will present to the Board at B.24 an amended proposal regarding increasing the grant portion of GCF funding to the benefit of the most vulnerable women.

106. A proposal to launch a second tranche of the MSME RFP may be presented to the Board in the future.

107. In accordance with decision B.16/03, the Board approved the MFS pilot RFP in 2017, allocating up to USD 500 million to innovative, high-impact projects and programmes that mobilize private sector investment in climate change mitigation and adaptation activities. The RFP was open to responses from AEs and non-accredited entities and attracted 350 CN submissions from more than 70 countries, requesting an estimated USD 18 billion of GCF financing.

108. The first MFS project was approved at B.23. The project, titled “Espejo de Tarapacá” and sponsored by MUFG Bank, Ltd. aims to provide baseload energy supply to households in Chile.

109. An additional two MFS projects worth USD 78.9 million will be brought for the Board’s consideration at B.24.

#### **2.4.6. Promote uptake of the enhanced direct access pilot programme**

110. As at 31 August 2019, two EDA projects with a total volume of USD 30 million have been approved by the Board, and the EDA pipeline comprised five funding proposals and seven CNs, of which two new funding proposals and one CN submission were submitted in 2019. The review of EDA is due in 2020, following which recommendations will be presented to the Board on how to improve the existing modality, given the limited uptake under current processes, and to assess opportunities for promoting locally led climate action for direct access, and utilize the remaining allocated amount under the current RFP.

#### **2.4.7. Advance REDD-plus results-based payments**

111. A second funding proposal under the REDD-plus results-based payments (RBP) pilot programme was approved at B.23, for FP110 in Ecuador. Following this approval, the results paid for by GCF account for a reduction of 22,443,796.2 tonnes of carbon dioxide equivalent (tCO<sub>2</sub>eq) from deforestation in Brazil and Ecuador.

112. In addition to Brazil and Ecuador, two other countries – Colombia and Malaysia – have met the UNFCCC requirements to have their results included in the UNFCCC REDD-plus Information Hub.<sup>2</sup> According to the UNFCCC website, an additional four countries (Chile, Indonesia, Papua New Guinea and Paraguay) have submitted a technical annex on REDD-plus to their biennial update reports and the technical analysis of these results is under way. Out of these countries, Chile, Indonesia and Paraguay have successfully submitted a CN for the pilot programme and two funding proposals (for Paraguay and Chile) are expected to be presented to B.24.

113. A forward projection of the expected volume shows that the current pipeline for REDD-plus RBP projects could be sufficient to fully absorb the USD 500 million that has been set aside for the pilot programme at the set price of USD 5 per tCO<sub>2</sub>eq.

114. At its eighteenth meeting, the Board requested the Secretariat (B.18/07)<sup>3</sup> to conduct an analysis of the experience with, and the progress made towards achieving the objectives of, the pilot programme for REDD-plus RBPs, for its consideration no later than at its last meeting of 2019. The objective of the pilot programme for REDD-plus RBPs is “to operationalize REDD-plus

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<sup>2</sup> See <<https://redd.unfccc.int/info-hub.html>>.

<sup>3</sup> See <[https://www.greenclimate.fund/documents/20182/820027/GCF\\_B.18\\_23\\_-\\_Decisions\\_of\\_the\\_Board\\_\\_eighteenth\\_meeting\\_of\\_the\\_Board\\_\\_30\\_September\\_\\_2\\_October\\_2017.pdf/b55d8183-005c-4518-91dc-152113506766](https://www.greenclimate.fund/documents/20182/820027/GCF_B.18_23_-_Decisions_of_the_Board__eighteenth_meeting_of_the_Board__30_September__2_October_2017.pdf/b55d8183-005c-4518-91dc-152113506766)>.

results-based payments and gather experience to further improve the procedural and technical elements of RBPs using GCF resources in the learning stage<sup>4</sup>; so the analysis of the pilot focuses on procedural and technical elements while capitalizing on the lessons learned and providing alternatives on the way forward.

115. The Secretariat invited all stakeholders, countries, AEs, CSOs and other organizations to provide inputs for the analysis of the pilot programme based on a “call for inputs” template published on the GCF website.<sup>5</sup> As a result of the call for inputs, a total of 24 contributions from different countries, AEs, CSOs and other organizations were received between 1 August and 12 September 2019. These inputs are being systematized and will be included as part of the pilot analysis.

116. In relation to outreach activities, the Secretariat has developed a series of webinars to provide further information on GCF funding modalities for REDD-plus and to clarify any questions related to the REDD-plus pilot programme. These took place in June and July 2019 and three more webinars are expected to take place before the end of 2019. The webinars are held in three languages (English, French and Spanish) to maximize the audience. The recordings of the webinars are available on the REDD-plus page of the GCF website.<sup>6</sup>

117. To advance knowledge development as it relates to REDD-plus, a working paper titled “Accelerating REDD+ implementation” was published and widely disseminated.<sup>7</sup> It was prepared as part of the ongoing development of GCF sectoral guidance on the forest and land use results area which, among other strategic interventions, identifies the need to increase support for countries in implementing REDD-plus and achieving results. The publication was based on the responses provided by 55 countries through a survey conducted by the Secretariat between February and April 2019.

118. A second survey targeting AEs was conducted between 15 May and 15 August 2019 to assess their engagement with REDD-plus. The intention of conducting such survey was also to allow AEs to identify areas of work related to the implementation of REDD-plus and to better coordinate with the GCF the future support for REDD-plus implementation. All AEs of the GCF were invited to provide their inputs and 24 responses were received.

119. As part of the development process of the sectoral guidance on forest and land use, four workshops were organized: 17–21 June in Songdo, during the Asia-Pacific forestry week; 22–23 June in Bonn, Germany, during the Global Landscape Forum; 25 July in Washington, D.C., United States; and 13–15 August in Abidjan, Cote d’Ivoire, in coordination with accredited entities and partners. Three consultancies are also expected to begin work in September/October 2019 to support this work and to support the development of the sectoral guidance on forest and land use.

#### **2.4.8. Support focused and aligned country programmes**

120. The Secretariat has continued to provide support for expediting country programming and pipeline development through continuous programming dialogues. Annex I to this document provides information on country missions carried out by the Secretariat by 31 August 2019, and the programming work carried out during each mission, section 2.4.11 below outlines efforts and discussions under the Global Programming conference and through the hosting of country delegation visits to Songdo.

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<sup>4</sup> Annex XI of GCF/B.18/23.

<sup>5</sup> See <<https://www.greenclimate.fund/redd>>.

<sup>6</sup> See <<https://www.greenclimate.fund/redd>>.

<sup>7</sup> See <<https://www.greenclimate.fund/publications/accelerating-redd-implementation>>.

121. As at 31 August, 32 countries had received direct technical support from the Secretariat to expedite development of their country programmes in alignment with GCF guidelines, 23 countries have submitted their nationally validated country programmes to the Secretariat and 33 countries have shared draft versions of their country programmes.

122. In addition, in May 2019 the Secretariat concluded the contracting of three consortia (as a result of RFP 2018/C/010), procured to support a pilot initiative to strengthen the capacity of 25 NDAs and focal points<sup>8</sup> to develop fully-owned, evidence-driven country programmes that identify investment priorities for the GCF, in a manner that promotes country ownership effectively. An inception workshop organized by the Secretariat with the consortia from 23 to 26 June 2019, in Songdo, provided clarity and a common understanding and approach to the delivery of the pilot initiative's technical services, which will involve<sup>9</sup> support for (i) data assessments; (ii) development of climate risk profiles; (iii) development of economic risk profiles; (iv) carrying emission scenario analysis and climate vulnerability assessments; (v) policy assessments and finance mapping; (vi) supporting the prioritization of projects under the country programme; and (vii) elaborating a participatory country programme preparation processes.

#### 2.4.9. Facilitate engagement on entity work programming

123. In line with the initial Strategic Plan for the GCF, the Secretariat is working with 88 AEs to update or develop entity work programmes (EWPs). The Secretariat developed a new EWP template to strengthen the proactive, strategic and upstream approach of GCF regarding programming and pipeline development and to seek stronger synergies between EWPs, country programming and funding proposals.

124. As at 31 August 2019, a total of 63 EWPs have been received, including 22 updated EWPs and 19 first submissions by newly accredited entities, from 26 DAEs and 15 international access AEs. During the Global Programming Conference, the Secretariat engaged with the 62 AEs that participated in the conference on entity work programming, progressing AMAs, addressing accreditation conditions and readiness support requests to strengthen their institutional capacities. The Secretariat also met with several entities to discuss potential accreditation to GCF.

125. The Secretariat is continuing to engage with AEs on the EWPs, including on developing project ideas in the EWPs into potential CNs and funding proposals. AEs continue to develop or update their EWPs on a periodic basis and the Secretariat has also led engagements with entities at the GCF Headquarters in Songdo, Republic of Korea).

126. In particular, a delegation from the Secretariat of the Pacific Regional Environment Programme (SPREP) visited the Secretariat from 26 to 27 August 2019 following the Global Programming Conference. Through a number of dedicated sessions, the Secretariat provided guidance and feedback on SPREP funding proposals and readiness pipeline, made progress in resolving challenges SPREP is facing regarding the implementation of an approved project, and provided clarifications and further guidance on specific GCF policies and access to resources with respect to the accreditation scope of SPREP.

#### 2.4.10. Build pipeline quality through the Project Preparation Facility

127. At the date of reporting, the Secretariat was working on a pipeline of 30 active PPF applications with letters of no objection from the NDAs/focal points, of which 21 (70 per cent)

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<sup>8</sup> The Secretariat plans to extend the reach of this initiative to other countries in 2020.

<sup>9</sup> The list does not cover every option available to countries, but rather gives an indication of the types of services made available by the GCF to strengthen country programming capacity.

are from DAEs. Of these 30 applications, 25 have been approved and 2 have been endorsed pending final conditions for approval. Among the 25 approved PPFs, 17 (68 per cent) are from DAEs. The total approved amount for PPF applications was USD 16.3 million, of which USD 9 million had been disbursed. The two endorsed PPF applications pending final conditions for approval are both from DAEs. Of the three PPF applications not yet approved or endorsed, one is pending the associated underlying project CN being strengthened and cleared as per GCF investment criteria to enable PPF support.

128. The first PPF-developed funding proposal was approved at B.19, and a second funding proposal developed through PPF support has now been submitted to the Secretariat for review.

129. The quality of CNs at entry for PPF support remains a key challenge of the PPF pipeline. The Secretariat has continued to provide upstream technical assistance to DAEs and NDAs, upon their request, to strengthen their project CNs and PPF applications. With NDAs' support, this technical assistance is also available for early project ideas before official submission as well as SAP CNs and funding proposals. Fifteen CNs, funding proposals and associated PPF applications have been supported with this technical assistance, and an increasing number are being planned throughout this year. Based on positive feedback and increasing demand, the Secretariat is also strengthening the capacity of this technical assistance function by broadening the breadth of sectoral expertise available to AEs and NDAs.

130. The Secretariat has updated the *Project Preparation Facility Guidelines*, which now provides more detailed guidance on how to access GCF PPF resources and tips for preparing a PPF application. To improve the efficiency of implementing project preparation activities after approval, the Secretariat is also in the process of compiling a roster of consultancy firms who can provide project preparation services to AEs upon their request. Once operationalized, this modality will further simplify the PPF process and reduce the implementation duration.

#### **2.4.11. Strengthening country engagement and promoting information-sharing, experience exchange and learning**

131. The Secretariat has continued to conduct its strategic country engagement plan for 2019, the details of which are outlined in annex I to this report.

132. In addition to individual country missions, the Secretariat also participated in the Expert Meeting on Assessing and Determining the Needs of Developing Countries, organized by the UNFCCC, the Asian Development Bank, and the Governments of the Republic of the Philippines and the Republic of Korea (10–11 July 2019), which enabled the GCF presented on the direction of country programming and additional opportunities to support countries that are developing their country programmes and to gain a better understanding of the needs countries have identified through the Readiness Programme.

133. The Secretariat also carried out, for the first time, a Global Programming Conference in Songdo, South Korea at the end of August, which brought together representatives from 113 countries including 50 ministers. The event aimed to empower developing countries to drive ambitious national climate agendas and support them in sharpening their approach to transformational planning and programming for climate results. A common theme at the event was the ubiquitous need for capacity-building and knowledge sharing. Countries highlighted the necessity for aligning knowledge across decision-making public and private sector bodies and multisectoral coordination to develop common strategies and measures to enhance adaptation and mitigation to combat climate change.

134. The Global Programming Conference facilitated exchanges on innovative plans such as long-term partnerships by public and private institutions to incentivize climate-resilient solutions for cities, infrastructure and carbon storage, or deploy innovative mechanisms, such as syndicated loans, to enable vulnerable countries with limited capacity and low debt limits to

access funding. The Conference was also a good opportunity to discuss options for multi-stakeholder consultations and mobilization for climate action, and countries were encouraged to develop strong information systems to support the robust climate change data needed to prevent maladaptation.

135. Participants reiterated their request that GCF improve and simplify access to its funding by making the accreditation, project review and approval processes more flexible and transparent. Particular focus was placed on adopting flexible decision-making mechanisms, from the Board level to that of the AEs, and it was suggested that regular meetings with countries and AEs can inform necessary improvements in GCF operational modalities.

#### **2.4.12. Widening the GCF network of accredited entities and simplifying access modalities**

136. As at 31 August 2019, 49 AEs have fully completed the accreditation process by having a signed and effective AMA,<sup>10</sup> an additional 13 entities have signed their AMA, but are yet to become effective to complete accreditation, and a further 26 have been approved by the Board to be accredited, for which AMAs are in progress. In total, the Board has decided to accredit 88 entities: 51 DAEs and 37 international access entities (a ratio of 58 per cent:42 per cent).

137. A pipeline of 111 entities have submitted accreditation applications (including active and inactive) on the online accreditation system. Of these, 13 applications are under Stage II (Step 1) AP review (including those entities being recommended at B.24) and 72 applications are under Stage I. A further 26 entities have submitted an application but have yet to pay accreditation application fees in order to then begin Stage I.

138. In addition, the Accreditation Panel, supported by the Secretariat, continued to review and close conditions of accreditation for AEs. Further details are contained in document GCF/B.24/07 titled "Consideration of accreditation proposals".

139. In decision B.22/16, the Board decided to streamline the accreditation process in order to accelerate the review and consideration of entities applying for accreditation. In decision B.23/11, paragraph (c), the Board agreed to the principle of the project-specific assessment approach, which combines assessments undertaken during the existing accreditation and proposal approval processes in a fit-for-purpose manner and is intended to enable wider access. In paragraph (d) of the same decision, the Board decided to defer its consideration of the updated accreditation framework and the implementation arrangements and budget for the project-specific assessment approach until B.24.

## **2.5 Accelerating implementation and managing results**

### **2.5.1. Increasing the number of signed accreditation master agreements and funded activity agreements**

140. Progress has advanced on finalizing AMAs and, as at 31 August 2019, the Secretariat had signed 62 AMAs with AEs, which represents 70 per cent of all entities accredited by the Board. Negotiations with another 26 entities accredited by the Board are ongoing and are at different stages of progress. The 2019 KPI tracks progress in signing AMAs with entities accredited up to 1 September 2018 and this has not advanced since the last reporting period.

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<sup>10</sup> Decision B.23/11, paragraph (a).

141. The 2019 KPI targets on finalizing FAAs has already been met for the year, because the Secretariat has signed 81 FAAs for 78<sup>11</sup> funding proposals approved by the Board, which represents 70 per cent of all approved funding proposals.

142. Of the 78 approved funding proposals that have executed FAAs, 11 public sector projects<sup>12</sup> and 5 private sector projects<sup>13</sup> signed FAAs between May and August 2019. A further 16 projects are currently at the FAA negotiation stage.

143. Further details on the status of AMAs and FAAs can be found in the related limited distribution document (see document GCF/B.24/Inf.08/Add.01).

#### 2.5.2. Accelerating project implementation and disbursements

144. The GCF portfolio under implementation continues to grow as an increasing number of projects start implementation. As at 31 August 2019, that number has reached 61,<sup>14</sup> accounting for 55 per cent of the 111 approved projects. The projects under implementation amount to USD 2.7 billion in GCF funding, account for 51 per cent of total GCF funding and are spread over 64 countries. The 61 projects under implementation have been under implementation for an average of 1.3 years while the total implementation period for the 111 projects is estimated at 8.3 years.

145. Implementation activities are being carried out by 22 AEs. The European Bank for Reconstruction and Development has six approved projects, of which five projects are currently under implementation, accounting for the largest share of GCF funding under implementation (USD 728 million). The United Nations Development Programme has 24 approved projects, and 19 projects are under implementation, which is the largest number of projects under implementation from a single AE.

146. Implementation timelines have also decreased. In 2015 the average number of days to move projects from Board approval to implementation was 590, and this has decreased to 313 for those approved in 2018 because legal agreement forms and procedures are gradually being standardized.

147. For the 10 projects that started implementation during the reporting period from 1 May to 31 August 2019, it took an average of 438 days from Board approval to implementation. Two projects approved in 2016 and 2017 are still pending AMA effectiveness following Board approval, which is affecting the total portfolio timeline average. It took an average of 952 days for the two projects, while the average for the remaining 8 projects was 309 days.

148. As at 31 August, disbursements totalled USD 650 million,<sup>15</sup> excluding AE fees of USD 36 million. These account for 24 per cent of the GCF funding for projects under implementation. Of this total, 55 per cent has been disbursed for private sector projects, and 45 per cent for public

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<sup>11</sup> FP005, FP078 and SAP004 have two separate FAAs. In addition, FP026 was approved for two AEs with two separate FAAs, among which the FAA with Conservation International Foundation (CI) is signed while the FAA with the European Investment Bank (EIB) is pending negotiation.

<sup>12</sup> The 11 public sector projects whose FAAs have been executed during the reporting period are FP003, FP020, FP044, FP059, FP070, FP086, SAP003, FP100, SAP005, SAP006 and FP108.

<sup>13</sup> The five private sector projects whose FAA has been executed during the reporting period are FP017, FP095, FP097, FP098 and FP099.

<sup>14</sup> Excluded is FP026 by CI and EIB. The CI part of the project is under implementation, while the EIB part is pending the effectiveness of the AMA. Once the implementation of the EIB part commences, this project will be added to the list of projects under implementation.

<sup>15</sup> This value excludes the disbursements for the CI part of FP026, amounting to USD 0.8 million in 2018 and USD 1.6 million in 2019.

sector projects. The estimated amount of cumulative disbursement is projected to fall in the range of USD 800–988 million by the end of 2019.<sup>16</sup>

149. In terms of the Readiness Programme and PPF, the GCF increased its work with framework agreement delivery partners whose share of the readiness and PPF portfolios amounts to more than half and the Secretariat has undertaken regular communications on the sidelines of strategic missions, structured dialogues and global conferences to track and accelerate efforts towards implementation. This is expected to also facilitate and guide the delivery partners' learning process of monitoring and reporting on their projects, which should in turn also lead to reductions in the time taken for disbursement.

### 2.5.3. Reviewing results and enhancing results management

150. The Secretariat has continued to take measures to strengthen its portfolio management capabilities. The PPMS is being developed to monitor and assess the performance and health of the overall portfolio under implementation. It is expected that the system will also help to effectively monitor the anticipated outcomes and impacts of the GCF portfolio.

151. Out of the 40 projects under implementation in 2018, 36 submitted annual performance reports (APRs), 2 were not due to submit an APR and 2 were granted waivers because their activities had not commenced by the end of 2018. The APRs were reviewed by the Secretariat and feedback was provided to AEs. The detailed analysis of the portfolio performance and results of the APR review is provided in the "Annual portfolio performance report for (2018)" (document GCF/B.24/Inf.04).

152. The Secretariat has also kick-started work to update the RMF in response to the IEU review, which identified certain gaps in the existing framework: namely, a lack of measurement protocols; absence of causal linkages in the initial RMF, especially at the highest level of the results hierarchy and performance measurement frameworks; and weaknesses in adaptation indicators. The IEU review also indicated that competing frameworks are acting as bottlenecks to the development and implementation of a coherent, simple and comprehensive results architecture.

153. The Secretariat is approaching the update by trying to bridge the existing RMF, performance measurement frameworks and the investment framework, and has recruited a UK-based firm, IOD PARC, to support the development of the integrated RMF. The Secretariat, through the RMF update, is also exploring the further development of a mix of qualitative and quantitative indicators in the existing performance measurement frameworks and ensuring the alignment of the updated RMF with countries' NDCs and reporting under the Paris Agreement and towards the Sustainable Development Goals.

154. The proposal for the updated RMF seeks to track results across the GCF results areas as well as the portfolio outcomes of supporting transformational planning and programming, catalysing climate innovation, mobilizing finance at scale and facilitating knowledge development and exchange. Work will also be carried out in parallel to develop a 2020–2023 integrated resources and results framework, as part of the draft 2020–2023 Strategic Plan.

### 2.5.4. Operationalizing the risk management framework

155. The Secretariat is continuing its efforts to operationalize the risk management framework. The risk dashboards for the first and second quarters of 2019 were published in

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<sup>16</sup> The projection was made on 30 September 2019. The disbursement projection is revisited every quarter. The projection is based on a combination of (i) information provided by AEs; (ii) indicative disbursement schedules in FAAs; and (iii) the Secretariat's estimation, for example, on when FAAs will be signed for the projects and how long it will take from FAA execution to first disbursement.

May and August, respectively, and showed that the portfolio concentration levels for funding proposals as well as GCF liquidity remained within the Board-approved risk tolerance levels.

156. An integral element of the risk management framework, the compliance risk policy, was adopted by the Board in July 2019 during B.23 (decision B.23/14). To further enhance the risk management framework, the Secretariat is currently developing a legal risk policy, which is expected to be presented to the Board for its consideration in 2020, while the risk rating models have been proposed to be delegated to the Secretariat. The Office of Risk Management and Compliance (ORMC) worked with the Trustee to include the relevant requirements from the risk management framework in the new Trustee agreement.

157. ORMC also contributed to the development and implementation of an investment criteria scoring tool to help ensure that GCF investments meet its investment criteria. These rating and scoring tools will be incorporated into the funding proposal review process and will help to support the management of commitment authority. OMRC participated in the selection of a consultant to work on the review of the financial terms and conditions of the GCF financial instruments. For this project, the work of ORMC is ongoing, with a focus on better use of the guarantee instrument and options for using local currency financing. Furthermore, ORMC is preparing to undertake a scheduled review of some components of the risk management framework.

## 2.6 Efficient and effective operational processes and systems

### 2.6.1. Concluding arrangements for privileges and immunities

158. The Secretariat is actively pursuing negotiations for securing privileges and immunities agreements with both developed and developing countries and, as at 31 August 2019, the Secretariat had sent draft agreements on the privileges and immunities of GCF to a cumulative total of 140 countries. To date, 22 bilateral privileges and immunities agreements have been signed, with Antigua and Barbuda, Armenia, Barbados, Belize, Cook Islands, Georgia, Grenada, Guyana, Honduras, Kiribati, Maldives, the Federated States of Micronesia, Montenegro, Namibia, Papua New Guinea, Saint Vincent and the Grenadines, Samoa, Solomon Islands, Tonga, Uruguay, Vanuatu and Zambia.

159. However, progress has been limited because there is limited capacity in the Secretariat to focus on this issue. In addition, the fact that treaty negotiations on privileges and immunities are complex and need to reflect the national circumstances of countries and the interests of GCF means that such negotiations tend to progress slowly. High-level political impetus may be required to achieve results in this area and to ensure that GCF and its staff are covered by the privileges and immunities necessary to operate independently and efficiently.

160. Negotiations on bilateral agreements with Parties to the UNFCCC will continue on the present track until the Board considers this matter further.

### 2.6.2. Strengthening GCF communications

161. The replenishment communication campaign was launched to provide a compelling and creative approach through a series of branded materials and it was based around a tagline of “Raising Ambition, Empowering Action” focused on online (web, social media) and offline (printed publications, event branding) materials. Toolkits using the campaign materials were also shared with partners, including country partners, AEs and CSOs to amplify the GCF messaging.

162. A key highlight has been the support to the GCF replenishment gathered from global leaders such as the United Nations Secretary General, country ministers and prominent climate

advocates. The announcements of pledges and support by key heads of State of the Group of Seven raised the profile of GCF, as has social media engagement, with messages from France (President Macron), the United Kingdom (Minister of State for International Development Alok Sharma), Canada (President Trudeau, and Minister Catherine McKenna) as well as other influencers such as Paul Polman (of the sustainability foundation Imagine), Patricia Espinosa (Executive Secretary of the UNFCCC) and numerous journalists. Social media materials including acknowledgment videos relating to the new pledges were also produced and gained significant audiences.

163. The GCF social media presence continued to grow, with increasing audiences and engagement on the main social media channels, principally Twitter, Instagram and Facebook, driven by a focus on creating multimedia content (videos, infographics, gifs, etc.), as well as live-streaming events such as the Global Programming Conference. Engagement with the media also increased during this period, with press releases being issued on key events and milestones, a number of briefings and interviews taking place, as well as responses made to multiple requests for information from journalists. Notable media coverage during this period included items by Bloomberg, Thomson Reuters, CNN, Politico and Xinhua News.

164. In parallel, a series of communications missions were undertaken to project sites to gather footage of project activities and interview beneficiaries. The material produced was used in videos, articles, infographics and other media to convey the impact of the GCF portfolio.

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

165. Secretariat has continued its efforts to build a workforce of up to 250. Staffing increased to 215 full-time staff as of end of August 2019 (from 208 staff as reported at B.21, October 2018), with 35 additional positions to be filled, which are expected to be advertised by the end of November 2019. The skill base of the Secretariat is also under constant review, with a view to recruiting staff with higher-level technical backgrounds in response to the need for the GCF to place itself strategically in the same work echelons as its counterparts across the climate finance landscape.

166. In tandem with Secretariat efforts to improve and organize GCF processes, a job evaluation project is currently under way, with the key aim of achieving greater consistency between staff skills and competencies and the GCF processes, operations and procedures that they run and manage. A specialized firm has also delivered a series of workshops and consultation sessions with the management team to ensure that the jobs design management results are consistent, of high quality and delivered in a timely manner.

167. Since 2018, the Secretariat has significantly enhanced its staff learning and development programme, delivering more than 30 training courses to staff of all levels. During 2019, the Secretariat-wide plan has been covering organizational capacity-building, specialist skills and individual professional development initiatives. Major events took place, including the continuation of the Leadership and Management training workshops and a mentoring initiative. GCF has been investing in training to educate staff in relevant topics that directly influence relationships with colleagues, stakeholders and partners, such as cultural diversity seminars and change management courses. Furthermore, more than fifteen “Art of...” sessions – internal training sessions to promote knowledge-sharing among staff members on key policy, programming and analytical processes of the GCF – have been delivered in 2019.

168. In the second half of 2019, the structure of the Human Resources Division (HR) has been transitioning to the “business partner” model, consistent with best practice in similar organizations. The human resources business partner model aims to increase engagement and facilitate the interactions between HR and other offices and divisions to strategically align HR

with business needs. Four units were created, and one HR focal point will be coordinating the needs and communicating the functional area. The structure aims to improve communications between GCF divisions and HR, enable HR staff to work as change agents, work with data to support strategic decision-making, and deliver customized training to staff.

169. The Secretariat maintains its engagement on achieving geographical diversity in its workforce, while also ensuring that women and men are equally represented at all levels. The gender balance is currently 121:94 (121 male and 94 female) with 63 nationalities, wherein the largest nationality representations are the Republic of Korea (20 international professional staff (IS) and 22 administrative support staff (AS)), United States (19 IS and 4 AS) and the Philippines (8 IS and 6 AS).

#### **2.6.4. Implementing the Board-approved Secretariat structure, work programme and budget**

170. The Secretariat continued its implementation of the work programme and, in parallel, advanced efforts kick-started in quarter two of 2019 to evaluate existing institutional capacity, processes and functions, with a view to streamlining and clarifying internal Secretariat roles, teams and functions in support for the GCF mandate and objectives. This has involved the completion of an internal organizational redesign to clarify and clearly delineate key Secretariat functions, with final implementation of the reorganization expected by early 2020 in time for the upcoming programming cycle. In parallel, there has been job evaluation exercise intended to improve the standardization and classification of the Secretariat's workforce. These are further outlined in section 2.6.4 above.

171. With regards to budgetary considerations, 53 per cent of the budget was executed by the end of August, anticipated to rise to 90 per cent by the end of 2019.

#### **2.6.5. Raising awareness of the GCF Operations Manual**

172. During the reporting period, the Secretariat has been engaged in the revision of the current draft of the Operations Manual (as published in June 2018) as well as developing the process maps and standard operating procedures of the internal review processes. This has been prompted by efforts to further streamline, clarify and simplify internal review processes.

173. To date, all process and subprocess maps have been revised or defined for all Secretariat divisions and offices that are an integral part of the proposal approval process. An updated version of the Operations Manual is expected to be ready in the fourth quarter of 2019. Separately, a funding proposal manual is currently under development to give further guidance on funding proposal development requirements and appraisal toolkit.

#### **2.6.6. Advancing the roll-out of innovative and responsive information and communication technology solutions and services**

174. In support for KPI 6.6, progressive updates took place during the first 8 months of the year for the vast majority of systems in daily use, and new solutions were introduced in accordance with the 2019 work programme schedules that had been agreed with the affected divisions, offices and independent units. The Secretariat has also continued refining its internal ICT policies, standards and procedures, and has shared new guidance across its workforce.

175. There have been progressive releases of the internal Integrated Project Management System. Additional ICT features were introduced, as follows: a customized case management system for the Independent Redress Mechanism was introduced in July 2019; a flexible platform that enables the GCF to cost-effectively share interactive online training material in collaboration with the UN Secretariat was developed; and, at the Global Programming

Conference, the GCF Conference Navigator was introduced, a mobile event management app that was welcomed and successfully used by external participants and GCF staff alike.

176. In August work towards establishing a future-proof integrated financial management system commenced with the formation of a cross-divisional project board for planning and implementation. Supported by an advisory company, phase one should be completed by the end of 2019.

177. Early development work has also begun to install a web-based tracking system so that stakeholders can access detailed information on all review and approval stages for funding proposals. The system is currently scheduled for testing via GCF portals for NDAs, AEs and Board members during the first quarter of 2020.

#### **2.6.7. Elaborating the GCF financial policies and administrative procedures**

178. In accordance with the amended and restated “Agreement on the Terms and Conditions for the Administration of the Green Climate Fund Trust Fund between the GCF and the World Bank”, the Secretariat and the Trustee developed a new investment management strategy to strengthen areas such as investment portfolio allocation of GCF resources at the Trust Fund.

179. In line with the requirement for an annual review of the financial terms and conditions as set out in decision B.09/04, the Secretariat initiated the review of financial terms and conditions by selecting a professional services firm to conduct this exercise. The firm held a kick-off meeting and is progressing with the exercise.

180. Preparation of the 2018 Financial Statements was completed in the period under review and the Financial Statements also received an unqualified opinion from an independent external audit firm and were subsequently approved by the Board (decision B.23/01).

181. The Secretariat has led the development of the 2020 administrative budget attached to the 2020 work programme, informed by divisional inputs, to be presented to the Senior Management Team, the Budget Committee and ultimately the Board at B.24.

#### **2.6.8. Improving the efficiency of procurement practices**

182. At B.23 the Board decided to delegate the “Reviewed administrative guidelines on procurement” to the Secretariat with the proviso that it should bring any recommendations requiring Board attention back to the Board. The procurement guidelines are being reviewed to align them with best practice as well as the evolving needs and requirements of the GCF. A preliminary draft has been developed and consultations are ongoing with relevant stakeholders to obtain their input. It is expected that the final draft, taking into account comments from internal stakeholders as well as benchmarking against other international organizations will be finalized by the end of October 2019.

183. Improvements have also been made to support travel services, with Concur Travel, the online booking tool customized in accordance with the GCF travel administrative instruction and work continuing to integrate travel with other modules for efficient information flow and data sharing.

#### **2.6.9. Implementing the compliance framework**

184. The Secretariat worked towards the development of the compliance risk policy towards B.23, leading to its adoption through decision B.23/14. In addition, the compliance team also contributed to the Anti-Money Laundering and Countering the Financing of Terrorism (AML/CFT) standards, actively working with the Independent Integrity Unit to develop AML/CFT standard operating procedures, scheduled for completion by the end of 2019.

185. Internally, ORMC implemented a new due diligence tool for the reviewing process for funding and readiness proposals and disbursements. ORMC commenced the procurement of a compliance management system to automate compliance processes and facilitate the collection of compliance data. As part of implementing the compliance framework, ORMC incorporated AML/CFT requirements into the process of reviewing financial management capacity assessments for readiness proposals and funding proposals.

186. Furthermore, ORMC worked in collaboration with other divisions to review and produce internal legal documents. On that note, jointly with the Chief Financial Officer ad interim, the compliance team developed the “Financial Disclosure for Board Appointed Officials” which was approved by the Ethics and Audit Committee during B.23 and is now under implementation. Working with the Division of Support Services, the compliance team has played a key part in developing data retention and classification policies within the Secretariat. Such policies will identify and prioritize the data maintained by the GCF for better management and retention. This will help to make data management within the various GCF functions more efficient and will provide greater protection and security for sensitive information.

#### **2.6.10. Operationalizing newly approved policies: policy on the Prevention and Protection from Sexual Exploitation, Sexual Abuse and Sexual Harassment**

187. An informal cross-divisional working group led by ORMC has been created to facilitate the implementation of the SEAH Policy across the Secretariat’s functions. The SEAH Policy has several major implications for operations, requiring practical strategies to enable its effective implementation, particularly with regard to the newly introduced obligations such as the establishment of guidelines and procedures to operationalize and implement the SEAH Policy, development of SEAH standards and their integration into accreditation assessments, legal agreements, counterparty compliance requirements, as well as risk assessments and safeguards in all funded activities and capacity-building for participants in GCF activities.

188. Building on the working group’s deliberations and an evaluation of the Secretariat’s current expertise, capabilities and capacity, the Secretariat has collectively determined that it is presently lacking the necessary subject matter expertise required to develop high-quality implementation guidelines and procedures. Therefore, the Secretariat is currently not able to adequately deliver on its obligations under the Policy within the 3- to 18 months’ time frame established by the SEAH Policy at B.23. Furthermore, the implementation of these obligations is, by necessity, dependent on the amendments to the standards for accreditation which had been intended for consideration by the Board at B.24 but have now been postponed.

189. Nevertheless, the Secretariat remains committed to discharging its mandate under the SEAH Policy. To this end, the Secretariat has formulated an implementation action plan and is in active consultation with the Independent Integrity Unit and the Co-Chairs Teams to formalize the proposed plan. In addition, the Secretariat is in the process of engaging with the Budget Committee to secure the requisite budgetary cost approval (as directed under paragraph (d) of decision B.23/16) which will allow the Secretariat to obtain crucial technical expertise to support the establishment of the implementation guidelines and procedures.

#### **2.6.11. Overseeing the delivery of audits**

190. The Office of the Internal Auditor completed the fieldwork and submitted the draft reports of three audits from the 2019 audit plan covering (i) consultant management; (ii) the CN and funding proposal review process; and (iii) business continuity planning, emergency management planning, security, occupational health, events and office management processes. In addition, it completed one ad-hoc review on signing statements of work under long-term agreements.

191. It is working with the Secretariat management team to develop management action plans and finalize those reports. Furthermore, the Office of the Internal Auditor reviewed the implementation of management action plans established in response to previous reviews and audits, reviewed the “Report on the progress of the Green Climate Fund during its initial resource mobilization period (2015 to July 2019)”, and finalized the Audit Manual.

## Annex I: Secretariat missions: outcomes and lessons learned

### Introduction

1. Throughout the third quarter of 2019, the Secretariat has continued to engage in outreach activities and missions that have directly contributed to the goals outlined in the 2019 work programme of the Secretariat. They have been key to:
  - (a) Raising the profile of GCF and positioning GCF across global networks and forums so as to gather high-level support for replenishment, through dedicated engagements with contributor countries, targeted outreach in high-level global events as well as contributions to thematic or regional forums relevant to GCF programming;
  - (b) Supporting developing countries across their planning and programming efforts through strategic country engagements on supporting national consultations, pipeline development and identification of direct access entities (DAEs);
  - (c) Expediting business processes to strengthen relationships with accredited entities (AEs), finalizing project documentation for implementation and strengthening direct access engagement with the GCF; and
  - (d) Maintaining sustained communication with the United Nations Framework Convention on Climate Change (UNFCCC) and strengthening complementarity and coherence with other climate finance delivery channels.
2. The nature of these activities, their objectives and outcomes are further outlined below.

### I. Global forums and partnerships

3. In the context of the replenishment process, the GCF has continued advancing a comprehensive outreach agenda to strengthen its position in the global landscape. These included consistent and frequent engagements led by the Executive Director and the Deputy Executive Director through bilateral avenues as well as participation in a series of high-level events and forums, as follows:
  - (a) Visits to capitals led by the Executive Director in Austria, Belgium, Canada, Egypt, Germany, Ireland, Italy, Japan, Luxembourg, Morocco, the United Kingdom of Great Britain and Northern Ireland and the United States of America provided an opportunity to showcase progress and achievements to date and to respond to key matters of priority for contributors. In Germany and the United States, the Executive Director also had closer engagement with parliamentarians and senators, broadening national political understanding of the mandate and operations of the GCF;
  - (b) Supporting the UN Climate Action Summit included participation in the global preparatory meeting in Abu Dhabi where replenishment of the GCF was noted as a main outcome for the finance track. Secretariat technical leads also contributed to thematic engagement tracks on climate finance, energy transition, adaptation, nature-based solutions, cities and infrastructure;
  - (c) Executive representation at the Vatican in the presence of His Holiness Pope Francis at a discussion organized by the Pontifical Academy of Science, the Sustainable Development Solutions Network, and the Finance Ministry of Chile on “Sustainable Development Goals: Climate Change and the New Evidence from Science, Engineering and Policy”, allowed for an opportunity to discuss the role of GCF in addressing climate change for an

- audience of leading climate scientists, finance ministers, the President of the United Nations General Assembly, and high-level representatives from climate finance institutions;
- (d) Representation at the R20 Austrian World Summit in May and the third Ministerial on Climate Action in June 2019 provided an opportunity to re-emphasize the GCF mandate to support the transition to low-carbon and climate-resilient economies; and
  - (e) Representation at the High-level Political Forum on Sustainable Development in July by the Deputy Executive Director was another key opportunity to gather support for replenishment through participation in high-level panels and hosting a high-level event on “Strengthening Synergies: The Role of the GCF in the Implementation of the Paris Agreement and the 2030 Agenda”. The Deputy Executive Director also met with the United Nations Secretary General to discuss partnership opportunities in advance of the September Climate Summit, had bilateral meetings with United Nations agencies, GCF accredited entities and government representatives from developed and developing countries, as well as participated in side-events organized by the Alliance of Small Island States (AOSIS) and the United Nations Office of the High Representative for the Least Developed Countries, Landlocked Developing Countries and Small Island Developing States (UN-OHRLS).
4. Global outreach efforts also resulted in GCF participation at high-level and technical thematic engagements seeking to mainstream the GCF climate investment perspective across key sectors, as follows:
- (a) During the International Development Finance Club (IDFC) Steering Group Meeting in June, the GCF signed a statement of partnership with IDFC and also concluded the funded activity agreement (FAA) for “Transforming the Financial System for Climate” with the Agence Française de Développement;
  - (b) Executive participation at the International Energy Authority Fourth Annual Global Conference on Energy Efficiency, the Asia-Pacific Forestry Week and the forty-ninth ALIDE General Assembly strengthened GCF thematic positioning in key programming sectors, broadening its thematic networks and enlarging existing communities of practice in the energy, forests and banking sectors; and
  - (c) GCF participation in a workshop hosted by the World Meteorological Organization from 18 to 19 July 2019 focused on the role of GCF in supporting innovative financing for developing country weather and climate observation infrastructure, with the aim of having an initial concept for an innovative financing facility to support developing countries systematic observations to be launched at the twenty-sixth session of the Conference of the Parties (COP 26).
5. Two key learning outcomes emerged from these engagements:
- (a) The continued participation of GCF in global high-level dialogues has proven crucial in mobilizing global leadership for an ambitious and successful GCF replenishment and establishing its position as a key partner for developing countries in the international landscape; and
  - (b) Global outreach by GCF expanded in the context of a proliferation of thematic-based networks and partnerships, which highlight opportunities and platforms for the GCF to build and consolidate its thought-leadership role. In particular, the GCF can continue to build on existing efforts for mobilizing climate action, identifying and exchanging knowledge on transformational climate investments and facilitating links between developing countries and global technical and financial partners.

## II. Country engagement

6. Teams across the Secretariat have been active in directly supporting national activities related to country programming, project prioritization and development, identification of potential DAEs and private sector mobilization, with an increasing focus on mainstreaming climate rationale and principles across all stages of country planning processes.
7. During the reporting period the GCF engaged in strategic country missions in Honduras (29 April – 4 May 2019), Belize (May 2019), Serbia (21–24 May 2019), Timor-Leste (4–11 June 2019), Senegal, Tunisia, Egypt and Myanmar (July 2019), as follows:
  - (a) In Honduras the GCF team engaged with the national designated authority (NDA), the Central American Bank for Economic Integration, as well as representatives from the Inter-American Development Bank and the Food and Agriculture Organization of the United Nations (FAO) on: the submission of funding proposals, the state of play of Honduras' country programme and readiness plans for 2019–2020, and carried out a training session on the GCF programming cycle. The Secretariat also supported the advancement of the funding proposal on “Promoting climate-resilient forest restoration and silviculture for the sustainability of water-related ecosystem services” developed with Inter-American Development Bank, which was subsequently approved at B.23 in July 2019 (FP111);
  - (b) In Belize the GCF engaged with the NDA, the Caribbean Community Climate Change Centre (CCCCC) and the Protected Areas Conservation Trust (PACT), carrying site visits to the approved “Arundo Donax” Project Preparation Facility (PPF) project and to the proposed “Building the adaptive capacity of sugarcane farmers in northern Belize” project, as well as meeting with the Government’s project coordinator on the recently approved project from the International Fund for Agricultural Development (IFAD) “Be Resilient” project (FP101). In addition to dedicated entity discussions outlined in section III below, the mission contributed to Belize’s country programme being submitted to the GCF later in July;
  - (c) In light of the evolving national institutional architecture in Serbia, the Secretariat provided guidance to Serbia on establishing country coordination mechanisms for GCF and addressed harmonization with Serbia’s National Climate Change Council. Guidance was provided for evolving country programming, identifying and nominating DAEs and supporting the development of prioritization tools for priority sectors and projects. The GCF also contributed to a national stakeholder consultation and two workshops looking at potential areas for engaging the private sector with GCF activities and in the national climate change agenda and approaches to identifying DAEs;
  - (d) In Timor-Leste the Secretariat participated in the country’s national climate change conference and worked to advance the country programme and prioritization of the project pipeline. This included a discussion on the identification of DAEs as well as opportunities for complementarity and coherence with the Global Environment Facility and the Adaptation Fund. Given the country’s wide engagement with the GCF, the mission increased momentum on a PPF application and related concept note, advanced two readiness proposals submitted in 2019 and initiated a request to open negotiations on privileges and immunities with the GCF. The Secretariat also worked with AE counterparts to discuss the starting of a GCF-funded community level adaptation project;
  - (e) In mid-July 2019, the Secretariat undertook a cross-divisional strategic mission to Senegal to address the country’s priorities for engagement with GCF. The mission helped to identify the top priority interventions that will solicit GCF funding in the next 2 years

from its existing pipeline, outline an action plan for private sector engagement in implementing the country programme, and identify readiness and project preparation needs to translate Senegal's country programme into a transformational project pipeline;

- (f) Following the mission to Senegal, the GCF team visited Tunisia to support its final efforts towards the finalization of the Tunisian country programme, identify the role the private sector could play in implementing the country programme, and identifying project concepts aligned to the country programme and national strategies and plans with a view to finalizing at least one funding proposal by 2020; and
  - (g) In Myanmar the Secretariat co-delivered a GCF knowledge sharing workshop with the NDA to build the capacity of government ministries, civil society and private sector representatives to develop projects for the GCF, participated in the United Nations Environment Programme Climate Technology Centre and Network workshop on drought and flood management concept note drafting (funded by the Readiness and Preparatory Support Programme) and attended the high-level consultation meeting on the preparation of Myanmar's nationally determined contribution. Moreover, the mission allowed the Secretariat to advance ongoing planned readiness support for 2019 and engage AEs on pipeline development.
8. The outcomes and learning from continued engagement with countries reflect the growing maturity of GCF operations:
- (a) The presence of GCF at national consultations continues to be sought and demanded by countries and it has proven instrumental in broadening information and knowledge across stakeholders. It has also been useful to discuss funding proposals with country representatives, supporting country ownership by enhancing alignment between the GCF, the NDA and AEs;
  - (b) A breadth of diversity persists around country needs and these are linked to the stage of engagement between each country and the GCF, as well as national dynamics. Engagement with countries that have already gone through the initial stages of the Readiness and Preparatory Support Programme (the Readiness Programme) see a growing role for readiness funding to be used for establishing baselines for projects in identified priority sectors, screening national entities for delivery of their country programmes or developing a programme of work to engage the private sector in country programme development and implementation. AEs have also expressed interest in having a country programme in place to guide their pipeline development directions;
  - (c) As an institutional architecture is established to deal with climate change nationally and with the GCF there is broader scope for discussions on complementarity and coherence, with the GCF having the opportunity to play an increasingly active and guiding role in defining its value-add in a national context, based on the needs of the country that it is best placed to respond to; and
  - (d) Clearer communications from GCF on the types of projects it seeks to invest in would prove helpful in this regard. There remains further room for the dissemination of sectoral guidance and methodologies and approaches that put the climate rationale at the core of national project prioritization activities and pipeline development for the GCF. Countries have also expressed interest in receiving direct technical support from the GCF to assist with this process.

### III. Entity engagement

9. During the reporting period the Secretariat has engaged with direct and international AEs to expedite business processes based on their status of engagement with the GCF. Missions have entailed:

- (a) Targeted engagement with DAEs on development of their entity work programmes, including CCCCC, Centre de Suivi Ecologique (CSE), PACT, the Sahara and Sahel Observatory (OSS), providing support on the advancement of specific project proposals or PPF requests, building an understanding of the GCF business model and processes and the fundamental centrality of the impact of climate change;
- (b) Focused engagement with international AEs on advancing FAAs with the Centre de Suivi Ecologique (CSE) and the Corporación Andina de Fomento; and
- (c) Engaging with applicant entities to support the advancement of their accreditation process (in Senegal, Tunisia).

10. Dedicated support for DAEs focused on supporting entity programming, providing advice in the context of country support visits and assisting with advancing concrete project preparation requests, as follows:

- (a) Through a strategic mission to Senegal and Tunisia in July 2019, the GCF engaged with CSE and OSS on pipeline identification and prioritization in line with countries' priorities for engagement with GCF leveraging their entity work programmes. The presence of the NDAs as well as other stakeholders was critical to ensuring country ownership of the programming process. CSE worked with GCF and partners and identified several project ideas for GCF funding, including two to be submitted by 2020, in order to support the country's climate change mitigation and adaptation goals as articulated in its national climate change strategies and plans. In line with this, CSE identified potential gaps at the institutional and project level that would require support from the GCF through the Readiness Programme or the PPF, which the Secretariat will follow up on;
- (b) OSS also undertook an extensive prioritization exercise for its potential pipeline for the GCF which resulted in the submission of two concept notes shortly after the mission. Potential support for project development and capacity-building was discussed in line with prioritized projects for GCF as well as current institutional capacity and existing capacity gaps; and
- (c) As part of the strategic country engagement mission to Belize in May (further detailed in section II above) the Secretariat worked with PACT and CCCCC on capacity-building through readiness support for developing their entity work programmes and for PPF proposals. Early outcomes from this mission included a proposal to the Readiness Programme being approved for PACT, and a PPF proposal for CCCCC was also approved for a water project in the Bahamas.

11. International entity engagement focused on advancing legal negotiations for moving projects towards implementation, and a couple of dedicated missions took place to advance FAAs. In May the Secretariat travelled to meet teams from CSE and in June to meet teams from the Corporación Andina de Fomento. This led to the subsequent execution of two FAAs in June 2019.

12. A series of key outcomes and lessons have emerged, as follows:

- (a) Ongoing engagement with DAEs remains in high demand to support entities across the project cycle, with efforts to date focused on project development, although it is anticipated that support will also be required as a growing number of projects move

towards implementation. Discussions also reiterate a diversity of capacity needs with room for GCF to evolve and develop targeted support packages in the future; and

- (b) Accelerating the implementation of projects demands a similar constant level of exchange with entities to that required for approved funding proposals, because substantial attention and efforts are needed to finalize project documentation.

#### **IV. Engagement with the United Nations Framework Convention on Climate Change and other climate finance delivery channels**

13. The Secretariat has continued close engagement with the UNFCCC as well as with the other climate finance delivery channels, with a view to facilitating close communications between the GCF and the Convention, and advancing complementarity and coherence. Continued engagement with the UNFCCC during the reporting period focused on cross-Secretariat participation, led by the Executive Director, at the fiftieth session of the subsidiary bodies to the UNFCCC (SB50), as follows:

- (a) The GCF Executive Director held several bilateral meetings, including with the Executive Secretary of the UNFCCC, the Co-Chairs of the GCF Board, the Co-Chairs of the Adaptation Committee, and the head of the Adaptation Fund and undertook briefings with the Africa Group, the European Union, AOSIS, least developed countries (LDCs) and accredited observers;
  - (b) The Secretariat followed the process of negotiations on items of relevance to, or with a potential impact on, the operations of the GCF, including items on technology matters, LDC matters, the Paris Committee on Capacity Building, the Intergovernmental Panel on Climate Change *Special Report on Global Warming of 1.5 °C*, and Article 6 of the Paris Agreement.
  - (c) The Secretariat also coordinated the planning and delivery of the 2019 technical expert meeting on adaptation (TEM-A) which focused on “adaptation finance, including private sector” in collaboration with a wide range of partners, and under the guidance of the Adaptation Committee. The technical examination process on adaptation (TEP-A) was established under the UNFCCC to promote enhanced action prior to 2020 and the TEM-As are at the core of this process, and seek to identify concrete opportunities for strengthening resilience, reducing vulnerabilities, and increasing the understanding and implementation of adaptation actions; and
  - (d) The Secretariat participated in in-session workshops and events of partners, including the Koronivia workshops; the FAO-IFAD-World Food Programme joint side event; a World Resources Institute roundtable on transformative adaptation, the Nationally Appropriate Mitigation Action Facility and Climate Investment Funds (CIF) event on transformational change; a UNFCCC workshop on the gender action plan; a Least Developed Country Expert Group side event; and the Adaptation Fund, Climate Technology Centre and Network and Paris Committee joint side event on enhancing delivery of readiness. The delegation also held bilateral meetings with several countries including Albania, Benin, Cameroon, Honduras, Liberia, Rwanda, Somalia, the State of Palestine, Sudan, Timor-Leste and Zimbabwe. Bilaterals were also held with entities (FAO, United Nations Environment Programme and United Nations Development Programme) and prospective entities.
14. Mission engagements with the other climate finance delivery channels included:
- (a) Participation with representatives of the Adaptation Fund in the meeting of the community of practice for DAEs held in Durban, South Africa from 5 to 7 of June 2019.

The meeting produced three successful outcomes: a governance charter, an action plan and the establishment of a committee comprising six members representing three language groups (English, French and Spanish), with two representatives for each language group; and

- (b) A mission to participate in the Adaptation Fund's annual seminar of national implementing entities from 5 to 9 August 2019 in Antigua and Barbuda, and the two days pre-seminar meeting of the committee of the community of practice for DAEs (2 and 3 August 2019). Both events served to strengthen the agenda of complementarity and coherence with the Adaptation Fund and to enhance direct access to climate finance resources.
15. Through these engagements the GCF was able to:
- (a) Continue positioning its mandate and operations within the context of the UNFCCC, providing concrete examples of progress in priority areas for developing countries: accelerating adaptation, leading on country-led programming and promoting direct access; and
  - (b) Build concrete links with other climate finance delivery channels by establishing a support network for DAEs.

## V. Conclusion and steps forward

16. The Secretariat continued to advance a focused outreach agenda in line with its 2019 work programme, extensively driven by the replenishment process and the imperative to maintain ongoing support for the business processes of GCF. A set of lessons emerged for future action:
- (a) Targeted communications, active participation in global forums and summit, and dedicated engagement with contributors has proven key to mobilizing leadership for replenishment, providing a solid basis for GCF global engagement after the replenishment process has concluded;
  - (b) There is further scope for GCF to play an increasingly active role in shaping the direction of the growing global networks gathering technical, financial and political partners to raise and realize climate ambition and promote transformational climate solutions; and
  - (c) As the GCF prepares for its second operational cycle, its engagement with countries, AEs and technical partners will need to be shaped and informed by its evolving strategic and programming directions, working to align partners to its renewed ambition for low-carbon climate resilient development.

## Annex II: List of memorandums of understanding in effect

No.	MOU type	Partner organizations	Title	Date signed	Term	Legality	Category/purpose
1	General cooperation	Global Green Growth Institute (GGGI)	MOU on administrative and institutional cooperation	14 April 2017	Until terminated by either party (2 months' prior notice in writing)	Non-binding	To formalize a framework of cooperation and to facilitate collaboration between the parties to promote joint activities in support of their administrative and institutional functions
2	General cooperation	China Development Bank	MOU between the China Development Bank and the GCF	8 December 2017	3 years	Non-binding	To facilitate collaboration between the parties to promote joint activities in support of the parties' respective mandates
3	General cooperation	International Solar Alliance	Joint declaration for the promotion of solar energy globally	10 March 2018	N/A	Non-binding	The parties expressed their intention to deepen their cooperation in support of renewable energy, and to promote solar energy within the countries of common operation
4	General cooperation (Letter of intent)	African Development Bank, African Development Fund and Africa 50 Project Development	Letter of intent concerning the Desert to Power programme	25 May 2018	N/A	Non-binding	The parties expressed their intention to explore opportunities and modalities for possible collaboration in the implementation of the Desert to Power programme
5	General cooperation (Letter of understanding)	UNFCCC Secretariat	Strengthening collaboration between the UNFCCC secretariat and the GCF through the exchange of personnel	3 August 2018	3 years (possible extension for 5 years)	Binding	Staff exchange
6	General cooperation	Oil and Gas Holding Company BSC	MOU between the Oil and Gas Holding Company	21 October 2018	2 years	Non-binding	To provide a framework for collaboration between the parties to develop and promote joint initiatives in support of the parties' respective mandates in the areas of cooperation

No.	MOU type	Partner organizations	Title	Date signed	Term	Legality	Category/purpose
			BSC 'Closed' and the GCF				
7	General cooperation	Swedish International Development Cooperation Agency (SIDA)	Framework agreement on secondments	5 December 2018	"Valid until terminated by one or both parties, subject to thirty (30) days-written notice of termination to the other Party"	Binding	Sweden, represented by SIDA and the GCF, agree to cooperate around a Secondment Programme from SIDA to GCF for staff at middle and senior levels
8	General cooperation	World Meteorological Organization (WMO)	Framework MOU between WMO and GCF	10 December 2018	5 years	Binding	Subject to applicable internal rules and procedures of each party, and any necessary clearance required thereunder: (a) Strengthening integrated global/regional/national operational hydrological and meteorological systems and associated climate information services; (b) Providing GCF accredited entities with information and technical support upon their request; (c) Aligning and leveraging GCF-funded hydrological and meteorological investments
9	General cooperation	International Development Finance Club (IDFC)	Statement of partnership between GCF and the International Development Finance Club	26 June 2019	3 years	Non-binding	(a) Sharing knowledge for climate finance and action; (b) Integration of climate consideration within financial institutions; (c) Facilitation of access to GCF resources with co-financing from IDFC members and support for capacity-building activities; (d) Outreach and awareness raising

Abbreviations: MOU = memorandum of understanding, N/A = not applicable.

## Annex III: Annual update on complementarity and coherence

### I. Introduction

1. Through decision B.17/04 the Board adopted an operational framework on complementarity and coherence (hereafter “operational framework”) with a view to strengthen complementarity and enhance coherence among operations and processes across climate finance institutions. The Board also requested the Secretariat to present a report on the progress made and outputs from the operational framework for consideration by the Board in 2018, and to provide an annual update thereafter. This annex responds to that request.
2. The operational framework is based on four pillars:
  - (a) Pillar I: Board-level discussions on fund-to-fund arrangements;
  - (b) Pillar II: Enhanced complementarity at the activity level;
  - (c) Pillar III: Promotion of coherence at the national programming level; and
  - (d) Pillar IV: Complementarity at the level of delivery of climate finance through an established dialogue.
3. The implementation of the operational framework has focused on collaboration with the Global Environment Facility (GEF), including the Least Developed Countries Fund (LDCF) and Special Climate Change Fund (SCCF), Climate Investment Funds (CIF) and the Adaptation Fund (AF). Collaboration has also started with the Nationally Appropriate Mitigation Action Facility (NAMA Facility).
4. At its twentieth meeting (B.20), the Secretariat presented the first annual update on complementarity and coherence. In decision B.20/05, paragraph (e), the Board requested the Secretariat to:
  - (a) Develop a proposal for consideration by the Board in 2019 with an updated set of outcomes for the operational framework on complementarity and coherence for 2019–2020;
  - (b) Include proposals for consideration by the Board on areas where further fund-to-fund arrangements are possible to improve efficiency, effectiveness and simplicity, and to enhance the alignment of portfolios with other climate funds; and
  - (c) Collaborate with the CIF Administrative Unit to advise national designated authorities on how programming opportunities identified by CIF beneficiary countries may be brought to GCF programming, as appropriate.
5. Progress on these mandates is included in this report with a summary of activities outlined in table 1 below.

<b>Table 1: Brief overview of collaboration with climate funds</b>			
	<b>Global Environment Facility (GEF), including the Least Developed Countries Fund</b>	<b>Adaptation Fund (AF)</b>	<b>Climate Investment Funds (CIF)</b>
Coordination of support	GEF and GCF are implementing a “coordinated engagement” initiative that seeks to support countries to move towards coordinated engagement in national programming and project development, on scaling up investment from GEF to GCF through country-specific bilateral engagement and on coordinating in-country engagement with pilot countries	The GCF and AF are collaborating in promoting a community of practice for direct access entities (DAEs) as a means to provide an avenue for knowledge exchange, learning and experience sharing, collaboration and peer support around programming climate finance	GCF engages with the CIF by pursuing complementarity at national programming/investment planning and at activity level, including in follow-up to a decision adopted at the twentieth meeting of the Board requesting the Secretariat to “collaborate with the CIF Administrative Unit (AU)”
Programming and accreditation	Enhance understanding of interactions in funding proposals to apply lessons to programming, including through the coordinated engagement initiative, with six countries actively engaging to proactively seek synergies between the two funds	Both funds are exploring options for whether the AF can implement projects funded by the GCF through modalities which are yet to be defined by the GCF Board and the AF Board	Discussion and facilitation are under way for countries and entities wishing to transfer work developed under CIF to GCF
	Ongoing collaboration on accreditation, including fast tracking		Promote synergies with CIF Investment plans (IPs)
Learning and information-sharing, including on monitoring and evaluation and policies and procedures	The GCF is developing a proposal for collaboration among climate funds which aims to create a collaboration space for regular exchange of current practices and to better understand each fund’s experiences in the areas of results management, performance indicators, and methodologies for measuring impact of the portfolios, as well as operational efficiency of the organizations. The Secretariat expects to be able to launch the initiative in the upcoming six months.		

## II. Summary and update on 2018–2019 activities

### 2.1 Pillar I: Board-level discussions on fund-to-fund arrangements

6. At the seventeenth meeting of the Board (B.17) the Secretariat advised the Board that experience on the implementation of pillars II, III and IV could benefit Board engagement in substantive discussions regarding pillar I. Informed by the experiences gained, insights were provided for discussion on areas that could contribute towards improving efficiency, effectiveness and simplicity, and to enhance the alignment of portfolios with other climate funds.

#### 2.1.1. Matters related to the Adaptation Fund

7. In decision B.20/05, paragraph (f), the Board requested the Co-Chairs, with the support of the Secretariat, to engage with the Chair and Vice-Chair of the Adaptation Fund Board to better understand options for collaboration with the Adaptation Fund. At the twenty-fourth session of the Conference of the Parties (COP 24) in Katowice a meeting was held between the GCF-Co Chairs and the AF Chair and Vice-Chair to discuss possible fund-to-fund arrangements, including to discuss matters relating to options for future collaboration such as, management by the AF of a GCF funding envelope, and potential accreditation of the AF to the GCF. The details of the discussion were reflected in the document GCF/B.22/09 “Report on the Activities of the Co-Chairs” (hereinafter referred to as the B.22 Report) stressing the need for further legal assessment to continue discussions in 2019.

8. As noted in the B.22 Report, while welcoming future collaboration, concerns were expressed that a better understanding of the potential liability of the AF for managing GCF proceeds (whether through accreditation or another modality, if available) was required. Accordingly, the members of the AF and GCF Boards who were present at the meeting agreed on the need for a legal assessment in relation to these matters.

9. Since then, the Secretariat, with the support of independent external counsel, has undertaken an analysis of two initial legal questions in order to inform the Board’s further consideration of possible modalities for future collaboration. The terms of reference for the independent external counsel’s engagement were consulted on with the AF secretariat.

10. The legal questions considered by the Secretariat, with the support of external counsel, are, in brief, as follows:

- (a) Do paragraphs 33 and 34 of the Governing Instrument for the GCF allow:
  - (i) Other existing funds under the United Nations Framework Convention on Climate Change (UNFCCC); or
  - (ii) Other funds, entities and channels of climate change financing outside the GCF, to access resources of the GCF; or
  - (iii) Are financial transfers of GCF resources only permitted under Section V.D and V.C of the Governing Instrument?
- (b) Can the GCF enter into legal arrangements with the AF and, if so, what are the potential liability consequences, and related mitigation measures, for a breach by the AF of such legal agreements (e.g. because of non-compliance with a policy requirement of the GCF)?

11. A summary of the opinion of the Secretariat, based on publicly available information or information made available to the Secretariat as at 31 August 2019, on these legal matters is set out in sections II.1.2 and II.1.3 below. It is worth noting at the outset that the summary opinion below is limited to matters of law and does not address either the specific policy questions set out in, or take a view on the options identified in, the B.22 Report. These are matters to be considered by the GCF Board as part of its further consideration on how to strengthen collaboration with the AF, taking into account the summary opinions.

#### **2.1.2. Paragraphs 33 and 34 of the Governing Instrument for the GCF**

12. In the opinion of the Secretariat:

- (a) Paragraphs 33 and 34 of the Governing Instrument do not in themselves provide a route for financial transfer of GCF resources to other funds, entities and channels of climate change financing outside the GCF;
- (b) Section V.D (Access modalities and accreditation) of the Governing Instrument sets out the main modalities through which resources can be accessed from the GCF;
- (c) Section V.C (Operational modalities: Funding windows and fund structure) of the Governing Instrument also permits access to GCF resources for the purposes of readiness, preparatory support, capacity-building, technology development and transfer, and private sector financing.

13. Taken together, the above-mentioned provisions of the Governing Instrument allow other existing funds under the UNFCCC and other funds, entities and channels of climate change financing outside the GCF, to access GCF resources under Sections V.D and V.C of the Governing Instrument. In the opinion of the Secretariat, alternative modalities could be established under Sections V.D and V.C of the Governing Instrument, specifically for entities referred to in paragraphs 33 and 34 of the Governing Instrument.

#### **2.1.3. Legal Arrangements with the Adaptation Fund**

14. In the opinion of the Secretariat:

- (a) The World Bank, in its capacity as trustee of the AF, (and not the AF, or AF Board) is the legal owner of the funds contributed to the AF;
- (b) The AF Board, as the entity within the AF governance structure with legal capacity to enter into contracts, would be the natural contract counterparty for any contractual arrangement with GCF;
- (c) The AF Board is also the entity which concludes legal arrangements for the implementation of its own projects;
- (d) In the event of a breach by the AF of legal arrangements concluded between the GCF and the AF Board, the legal liability of the AF Board can be addressed in the relevant legal arrangements; and
- (e) The GCF would need to ensure that it had appropriate dispute resolution procedures in its contractual arrangements in order to obtain suitable enforcement against the AF, if necessary.

15. In light of paragraph 13(a) above, appropriate legal arrangements will need to be entered into ex ante with the World Bank, in its capacity as trustee of the AF, in the event that GCF wishes to ensure that, from a legal perspective, the liability of the AF board (for breach of contract, or other applicable claim) is enforceable against the funds contributed to the AF and held by the World Bank as follows:

- (a) While various theoretical legal instruments could be deployed to implement the foregoing matter, the practicality of such instruments will be subject to discussions with both the AF board and the World Bank;
- (b) The members of the AF board benefit from personal immunity in Germany in respect of acts performed in their official capacity as members of the AF board; and
- (c) The AF board will be responsible for the acts of its committees, secretariat, accreditation panel, members and employees, if such acts were undertaken in performance of relevant AF functions and within the official capacity of the relevant body or individual.

#### 2.1.4. Next steps

16. In line with the updated work plan adopted by the Board adopted at its twenty-third meeting (B.23), the mandate pursuant to paragraphs 33 and 34 of the Governing Instrument and subsequent decisions, including decision B.20/05, is to be considered by the Board within the context of the update of the 2020–2023 Strategic Plan for the GCF. In this context, the Board may wish to provide further strategic direction on the pursuit of fund-to-fund arrangements, in particular with the Adaptation Fund, considering the opinion provided in paragraphs 12-15 on legal arrangements. The Board could do this in parallel with also providing further strategic direction on the pursuit of complementarity in programming. As noted in the 2018 Annual Update on Complementarity and Coherence and inputs shared at B.22, areas of overlap between the GCF and AF could be considered for more targeted synergies (e.g. areas such as micro-scale adaptation projects) while ensuring that no additional layers are created (e.g. entities having to access GCF resources through AF and having to comply with different policies).

## 2.2 Pillar II: Enhancing complementarity at the activity level

17. Revisions across the operational modalities of GCF have been made to address complementarity and to clarify the value of GCF in the overall climate landscape at the activity level. A summary of updates is provided in table 2 below, and table 3 provides an additional list of funding proposals approved since the last “Annual update on complementarity and coherence” which have complementary interactions with other climate funds.

**Table 2: Progress on enhancing complementarity at the activity level**

<p>Readiness and capacity-building</p>	<p><b>Revisions to the Readiness and Preparatory Support Programme (Readiness Programme) and its guidebook.</b> In order to operationalize the revised readiness strategy, the Secretariat has undertaken an overhaul of the supporting documentation and guidance to provide clear advice for NDAs and DPs on accessing readiness/NAPs funding. This includes a full slate of review criteria featuring best practices on coherence and complementarity with other funds. In addition, the new proposal template specifically requests additional context on how requested readiness support will build on and leverage prior and existing support from the GEF, LDCF and AF, as well as support from the GCF Readiness Programme provided by other funding sources, including bilateral agencies and multilateral development banks. For the first time, project- and portfolio-level indicators will be incorporated to provide data and knowledge as to how readiness support is being leveraged in parallel, sequence, and/or cooperatively with AF, GEF and other sources of climate finance</p> <p><b>Partnerships.</b> A key feature of the Readiness Programme is that NDAs are able to access funds themselves or through national delivery partners. The Secretariat has approved over 95 organizations to serve as delivery partners. Many of these organizations are accredited to the AF and their AF accreditation status has played a key role in expediting their approval to implement GCF readiness resources. The GCF and GEF have established the community of practice for DAEs, through which they are providing an avenue for knowledge exchange, learning and experience sharing, collaboration and peer support within the community of DAEs involved in the programming of climate change adaptation and mitigation finance. For example, the GCF assessment of Tuvalu’s Ministry of Finance and Economic Development (MFED) application to be a Readiness Delivery Partner was aided by their recent accreditation to the AF. The findings of MFED’s AF accreditation provided key information required for the assessments carried by the GCF on Readiness Delivery Partners</p> <p><b>Capacity-building.</b> Across its range of Structured Dialogues and dedicated programmes of engagement with countries and AEs the Secretariat promoted and advanced the participation of representatives from other climate funds.</p>
<p>Nationally determined contributions, National adaptation plans, national communications, and technology</p>	<p><b>National adaptation plans and NDCs.</b> GCF and GEF continue to share information on their respective pipelines of requests for support with NAPs/adaptation planning and jointly they take steps to ensure that countries are able to leverage resources from the appropriate channels to address their adaptation planning priorities. In particular, countries are accessing GCF funds under the Readiness Programme for adaptation planning to develop national strategies on adaptation finance, which then take into account various streams of finance, such as the GEF</p> <p>On NDCs, the Board made clear through decision B.13/10 that GCF modalities can support the development and/or update of NDCs; a number of countries are already accessing support for this work. The Secretariat maintains active engagement with the NDC-Partnership to identify gaps in NDC support in order to target countries that are still seeking assistance to update and increase the ambition of NDCs ahead of 2020. The Secretariat will fast-track support to a number of countries through the Readiness Programme to support the national processes of NDC review, updating and implementation</p> <p><b>Technology.</b> In response to decision B.14/02, paragraph (d), the Secretariat has included in its report to the Conference of the Parties a comprehensive update on progress regarding this matter. With regards to linkages with other organizations, the GCF continues to try to apply lessons learned from GEF, including the implementation of the Poznan Work programme, and to build on</p>

	<p>the work financed by GEF with regards to technology needs assessments and technology where possible. The Secretariat continues to develop an approach to support incubators and accelerators in consultation with the Technology Mechanism and other stakeholders, in parallel with the matter being considered under the 2020–2023 Strategic Plan for the GCF</p>
Project preparatory support	<p>NDAs have been engaged on discussions on how they may advance programming taking into consideration complementarity with activities that may have already been funded by the CIF or developed for the CIF but remain unfunded, and how project preparation can be accessed to support these efforts. Further details are provided in section 2.3.1 below</p>
Accreditation	<p>Per decision B.08/03, paragraphs (e)–(g), and related decisions, five entities that are accredited by GEF, AF and the Directorate-General for International Development and Cooperation of the European Commission (DG DEVCO) have been approved by the Board to be included in the list of fast-track eligible entities that may seek to apply under the fast-track accreditation process. Out of the 88 entities that have been approved by the Board for accreditation as at 30 September 2019, 46 entities have undergone the fast-track accreditation process</p>
Coordinated AE engagement	<p>Regarding the collaboration with the AF, as previously reflected, the Secretariat is providing support to the community of practice for DAEs. In the sidelines of the fifty-sixth meeting of the GEF Council, the GCF and GEF Secretariats engaged in discussions with common AEs on potential projects that could be scaled up and a GCF–GEF joint working lunch on coordinated engagement enabled AEs to share views based on their experience on maximizing synergies</p>
Streamlining and harmonizing monitoring and evaluation approaches and promoting knowledge management and sharing	<p>GCF has been conducting a multilevel analysis of synergies and complementarities among the CIF, GCF, AF and GEF in collaboration with partners. The aims of the study were to analyse how synergies arise between the various climate finance initiatives, to present drivers of and challenges to synergies, and to give recommendations for optimization</p> <p>GCF has advanced knowledge exchange in the context of UNFCCC engagements, where it hosted regular events with other climate funds and participated in events led by other climate funds events (see Pillar IV in section 5.4 for more information)</p> <p>The GCF is developing a proposal for collaboration among climate funds to learn and compare experiences on measuring performance and establishing indicators and methodologies for measuring impact. The Secretariat expects to be able to launch the initiative in the next six months.</p>
Work of the Independent Evaluation Unit <sup>a</sup>	<p>The Forward-Looking Performance Review (FPR) carried by the IEU analysed the complementarity, coherence and comparative advantage of the GCF in terms of climate finance. The FPR found that the sustainable annual commitment rate of the GCF, amounting to ± USD 1.5 billion represents 2.7 per cent of the global total of annual international climate finance flows (USD 57 billion), although it remains the largest international climate fund and its USD 2.1 billion commitments in 2018 represented 73 per cent of the total commitments of international climate funds</p> <p>The FPR also concluded that the scale of the GCF in the adaptation funding market is substantially larger than in mitigation. The FPR recommends that the GCF have a new strategic plan where the GCF is positioned as a global thought leader and establishes itself a niche in climate impact</p>

Funding proposals	<p>In 2019, the Secretariat revised the funding proposal template to request that AEs indicate whether the proposed activities complement other activities financed by other climate finance institutions and provide further details on these interlinkages.</p> <p>The Funding Proposal Manual currently being developed also contains a section on complementarity and coherence, with guidance on how to identify complementarities, offering project examples on synergies. The list of projects with complementary funding from other climate funds is included in table 3 below</p>
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*Abbreviations:* AEs = accredited entities, AF = Adaptation Fund, CIF = Climate Investment Funds, DAEs = direct access entities, DP = delivery partners, GEF = Global Environment Facility, IEU = Independent Evaluation Unit, LDCF = Least Developed Countries Fund, NAP = national adaptation plan, NDA = national designated authority, NDCs = nationally determined contributions, UNFCCC = United Nations Framework Convention on Climate Change.

<sup>a</sup> As an annex of the Report on the activities of the Secretariat, this annual update on complementarity and coherence includes a reference to the work of the GCF IEU because the operational framework under Pillar II Element 9 incorporates an outcome that focuses on the work of the IEU on sharing information, lessons learned and best practices and collaboration across different climate finance delivery channels.

<b>Table 3: Funding proposals approved since B.20 which are complementary to other climate funds</b>	
Funding proposals scaling up experiences from other climate funds	<ul style="list-style-type: none"> <li>FP083, World Bank, Indonesia Geothermal Resource Risk Mitigation Project: scaling up geothermal resource exploration, which is also supported by Clean Technology Fund and the GEF</li> </ul>
Funding proposals scaling up activities implemented with support of other climate funds	<ul style="list-style-type: none"> <li>FP090, ADB, Tonga renewable energy project: the project is a phase III of the Tonga Energy Road Map, 2010 – 2020 (TERM) project previously funded by GEF</li> </ul>
Funding proposals implementing lessons learned in initiatives financed by other climate funds	<ul style="list-style-type: none"> <li>FP084, UNDP India: the participatory approaches and co-management of ecosystem investments used in the project have proven successful in previous GEF-funded UNDP projects in India</li> <li>FP107, UNDP, Bhutan: project built on lessons learned from two GEF-funded projects</li> <li>FP109, UNDP, Timor-Leste: project will contribute towards the application of an asset location and condition survey method, developed under the UNDP-GEF/LDCF Small Scheme Rural Infrastructure project</li> <li>FP112, UNDP, Marshall Islands: GEF-funded “Managing Coastal Aquifers in Southern Pacific SIDS” project will build better understanding of the existing aquifer systems to be used for this project</li> <li>SAP005, UNEP, Benin: the project drew lessons learned from two GEF-funded projects: Integrated Programme for the Adaptation to the Adverse Effects of Climate Change on Agriculture and Food, and Promotion of sustainable biomass-based electricity generation in Benin</li> </ul>
Funding proposals attracting co-financing from another climate fund	<ul style="list-style-type: none"> <li>FP092, AfDB, PIDACC: co-financing from GEF of USD 12.980 million</li> </ul>

*Abbreviations:* ADB = Asian Development Bank, AfDB = African Development Bank, GEF = Global Environment Facility, LDCF = Least Developed Countries Fund, SAP = simplified approval process, UNDP = United Nations Development Programme.

## 2.3 Pillar III: Promotion of coherence at the national programming level

18. Under Pillar III, the operational framework of the GCF seeks to advance promotion of coherence at the national programming level, through country programmes, pipeline development and country-driven coordination. This has included activities dedicated to promoting a GCF–GEF coordinated engagement initiative, scaling up AF projects and advancing discussions with CIF on unfunded investment plans and tracking complementarity and coherence.

### 2.3.1. Coordinated engagement between GCF and the Global Environment Facility

19. The GCF–GEF coordinated engagement initiative was launched at the sixth GEF Assembly and it seeks to support countries to move towards coordinated engagement in national programming and project development; and to scale up investment from GEF to GCF through country-specific bilateral engagement. Progress is continuously being assessed among the 21 countries interested in taking part of the initiative, as follows:

- (a) The Lao People’s Democratic Republic hosted a joint GCF–GEF mission where both funds supported the country in identifying how each can support its national climate agenda through parallel financing, sequencing and co-financing;
- (b) The World Wildlife Fund is supporting Bhutan in scaling up previous GEF projects with GCF resources;
- (c) Mauritius is exploring options to develop and implement a transport project for the current GEF-7 phase to help inform the design of a GCF proposal to ensure faster sequencing and scaling up of financing; and
- (d) Costa Rica, through parallel financing and in coordination with both funds, is developing a comprehensive national strategy for a landscape approach to climate finance.

20. GCF and GEF held a joint working lunch at the GCF Global Programming Conference to advance coordinated engagement, and next steps are planned to take place at the Pre-COP and COP 25.

21. Efforts are also being coordinated on the provision of support for direct access entities (DAEs) through the community of practice for DAEs that was established in Durban, South Africa, governed by a Charter of Governance, and an action plan developed during the foundation meeting.

### 2.3.2. Engagement between GCF and the Adaptation Fund

22. Work is ongoing to scale up adaptation projects that have shown potential for achieving transformational climate results beyond project lifetimes, and GCF is making progress on four simplified approval process projects would scale up AF. These are at different stages of funding proposal development and are intended to be submitted to the Board in 2020.

23. The promotion of coherence at the national programming level can also be seen in activities proposed under countries’ GCF readiness and examples are included in table 4 below.

**Table 4: Readiness-supported programming synergies**

Country	Progress
Malawi (UNEP)	In Malawi, a GCF readiness proposal is building on a Least Developed Countries Fund (LDCF) project, ADAPT-Plan, which is supporting capacity development on monitoring at district and national level. There are also linkages with an LDCF/GEF USD 3.6 million project on early warnings, the IDA-funded Shire River Basin Management Project, and in the forthcoming GCF-funded USD 12.3 UNDP project on expanding early warning services
Eswatini (UNEP)	In Eswatini, the GCF is providing support for NDA strengthening and country programming in complementarity with previously funded GEF activities and a readiness activity from the Africa Climate Change Fund (ACCF). The eventual GCF country programme developed under this grant will build on the ACCF intervention to produce a climate investment plan as well as enhancing technical skills of project developers

Abbreviations: GEF = Global Environment Facility, IDA = International Development Association, NDA = national designated authority, UNDP = United Nations Development Programme, UNEP = United Nations Environment Programme.

### 2.3.3. Synergies in programming within GCF and Climate Investment Funds, including unfunded investment plans

24. Following decision B.20/05, the Board requested the Secretariat “to collaborate with the CIF Administrative Unit (AU) to advise national designated authorities on how programming opportunities identified by CIF beneficiary countries may be brought to GCF programming”. In this regard, the GCF promoted coordination among secretariats by pursuing complementarity at national programming/investment planning and at the activity level.

25. The Secretariat has informed countries and entities that the GCF welcomes opportunities to see unfunded investments plans (IPs) from the CIF be brought to the relevant GCF programming stage in a country-driven manner: namely, early-stage IP concepts can be incorporated as part of the GCF country programmes; concepts requiring further development can be advanced by any accredited entity, including through project preparation support; while country priorities that are at funding proposal stage can be presented for Secretariat review.

26. Targeted discussions with countries on these matters took place on a number of occasions as follows:

- (a) Building on the Annual Dialogue of Climate Finance Delivery Channels that took place at COP 23, the CIF AU and GCF Secretariat kicked off conversations on the question of unfunded IPs in February 2018. The two delegations met for a full-day workshop, in part to assess whether it would be feasible for GCF to support unfunded projects and programmes under Strategic Climate Fund (SCF) IPs, mindful that the list of unfunded IPs is evolving in connection to changes in availability in CIF resources;
- (b) Dialogues with the Scaling Up Renewable Energy Program in Low Income Countries (SREP) programme beneficiary took place in the context of the pilot country meeting in Kigali, Rwanda (18–20 September 2018) and at the GCF Global NDA Conference (8 and 12 October of 2018 in Incheon, Republic of Korea);
- (c) GCF also initiated dialogues with countries on CIF IPs and held discussions with Bhutan, Cameroon, Honduras, Lesotho, Malawi and Rwanda in the context of the CIF 10 year anniversary event in Ouarzazate, Morocco (28 January – 2 February 2019) and with Honduras and Jordan in the context of the GCF Global Programming Conference (19–23 August 2019); and
- (d) The Secretariat has also been engaging more directly with Gambia, Honduras, Kiribati, Kyrgyzstan, Madagascar, Malawi, Nicaragua, Uganda and Zambia on project preparation needs, incorporating IP ideas into GCF country plans, advancing concepts with entities, including with MDVs. In some cases, CIF resources have become available, no longer requiring GCF consideration. Concept notes are currently expected for two countries.

27. The Secretariat also convened an information session with MDBs after the adoption of the operational framework and advanced targeted dialogue on this matter, as follows:
- (a) In May 2018, MDBs provided the Secretariat with information on projects from their unfunded Strategic Climate Fund programmes, particularly from the Pilot Programme for Climate Resilience and SREP. One MDB enquired about the possibility for receiving project preparation funds to help advance two or three projects in their unfunded pipeline, and GCF clarified that project preparation funds generally support either small projects and/or projects developed by direct access entities, so they can be accessed for this purpose;
  - (b) Through this discussion, a lead MDB for PPCR IPs in two countries presented a detailed written input including letters of support from the respective governments. The Secretariat held a targeted discussion and provided feedback informing the MDB that the ideas had potential and offered to set a target date. Upon receiving feedback, the MDB noted that it will be sending the full concept notes, following internal procedures, for submission to GCF. Discussions were recently held with the respective MDB SREP and PPCR focal points, in addition to the discussions on the PPCR concepts that are already under development for these two countries, and confirmed that no additional IPs were going to be redirected to GCF; and
  - (c) Other MDBs have been approached bilaterally to enquire about their intention to bring unfunded IPs. One MDB replied that it has restructured some of its approved projects under SCF, resulting in resources being rechannelled to unfunded IPs. Another MDB only had one unfunded PPCR IP, and some of the priorities have been brought forward through other GCF accredited entities. The GCF is continuing conversations with another MDB, which initially shared details of 15 potential unfunded IPs, to obtain clarity on the feasibility of their plans.
28. Generally, the extent of progress has been determined by several factors, such as hesitation of countries and/or entities to migrate IP ideas to the GCF because of the due diligence required by both the CIF and GCF; some ideas contained in IPs lacking the maturity to be turned into GCF concept notes or funding proposals; MDBs and/or countries have other pipelines prioritized for GCF compared with CIF projects; and in some instances there is limited coordination between national designated authorities and CIF focal points.
29. The Secretariat will now place more emphasis on promoting synergies with CIF previous or ongoing investments to ensure that lessons learned from CIF-funded activities are applied and will foster synergies where appropriate, such as in the case of countries wishing to bring activities to GCF that build on previous CIF financing. Conversations with Haiti, Jamaica, Jordan, Samoa, Tonga and Vanuatu have started to this effect, and progress will be reported in the next annual update.

## 2.4 Pillar IV: Complementarity at the level of delivery of climate finance through an established dialogue

30. The Secretariat advanced the operational framework through continuous targeted dialogues with the other climate funds.
31. A series of dedicated engagements took place on the sidelines of COP 24:
- (a) The Second Annual Dialogue with Climate Finance Delivery Channels gathered the heads and secretariats of climate finance delivery channels and providing an opportunity for the governing bodies of the funds to share views and priorities. Participants agreed that collaboration among financing entities has the potential to mutually enhance

effectiveness and impact, and ultimately will offer more sustainable solutions to countries than is currently being delivered. Participants discussed progress across the climate finance landscape in terms of programming, knowledge management and information-sharing as well as potential thematic synergies, such as on adaptation planning. It was recognized that further work was needed to improve complementarity and coherence on harmonizing safeguards policies, templates and approvals procedures. It was highlighted that additional coordination around the concept of scaling-up could ensure that the gap between pilot project and scaling investment does not negatively impact the ability to expand the initial intervention, given that the gap between the two can extend up to two years or more;

- (b) The Annual Dialogue also allowed for bilateral discussions between the Executive Director Ad Interim of the GCF and the Head of the CIF, covering collaboration on the unfunded pipeline and on knowledge-sharing initiatives on transformation, programmatic approaches and national-level synergies in programming; and
- (c) GCF and GEF also co-hosted a joint event on “Coordinated Engagement to Support Countries in Implementing the Paris Agreement” which served as an opportunity for ministers, focal points and stakeholders interested in the pilot initiative to explore joint programming involving the GEF and GCF. The event also allowed for a discussion on opportunities and challenges in national efforts towards implementing the Paris Agreement, and how they can be addressed through enhanced linkages and synergies between the GEF and the GCF.

32. In addition, joint dialogues took place (i) on the sidelines of the CIF 10-year anniversary summit on unfunded IPs; (ii) at the Global Adaptation Week (8–12 April 2019) through a one-day Technical Expert Meeting on Adaptation (TEM-A) and a session on fostering synergies in climate finance by discussing the perspectives of countries, entities and representatives of funds; (iii) in the sidelines of the fiftieth session of the subsidiary bodies to the UNFCCC through a joint CIF-NAMA Facility dialogue on “Transformational Change in International Climate Finance”; and (iv) at the GCF Global Programming Conference through a joint GCF–GEF lunch.

### **III. Revision of outcomes of the operational framework on complementarity and coherence**

33. The Board was initially scheduled to consider a revised set of outcomes for the operational framework on complementarity and coherence in 2019. Following the update of the Board’s work plan at the twenty-third meeting of the Board (B.23), strategic matters related to complementarity and coherence in the next phase of GCF programming will now be considered through discussions on the 2020–2023 Strategic Plan for the GCF. This could include consideration of developing fund-to-fund arrangements, as well as providing strategic guidance on pursuit of complementarity in adaptation and mitigation programming.

34. Pending further guidance from the Board, the Secretariat will continue to report on outcomes and progress on the implementation of the operational framework to the Board once a year, and will include an update in annual reporting to the COP. It will also continue to include updated operational outcomes on complementarity and coherence as part of the Secretariat’s annual work programme.

35. Meanwhile, the Secretariat will continue to advance the operational framework to replicate successful bilateral engagement approaches with other funds, when feasible; continue promoting cross-funds research exercises and organizing joint events; internalize the findings of the Independent Evaluation Unit’s Forward-looking Performance Review; and take stock of complementarity and coherence information newly added to the funding proposals template



and manual, to apply lessons to overall programming and collaborative programming pilots with other climate funds.

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