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FUND**

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Report on the activities of the Secretariat

Summary

This report provides an update on the activities of the Secretariat for the period from 1 October to 31 December 2020. It summarizes progress against the overarching goals and priorities identified in the Secretariat's 2020 work programme, as well as tracking key performance indicators identified in the work programme results framework.

The report also includes: (i) an updated key performance indicator tracker against the 2020 work programme targets (annex I); (ii) the list of GCF cooperation agreements currently in effect (annex II); (iii) a description of the GCF project risks management systems (annex III); (iv) a summary of consultation comments received on the first sector guides (annex IV); and (v) an overview of GCF ICT systems (annex V)

The report contains three addenda: (i) the status of accreditation master agreements and funded activity agreements (limited distribution Add.01), the report on the execution of the administrative budget (Add.02), and the report on the implementation of the USP (Add.03).

Table of Contents

I.	Introduction	1
	1.1 Executive summary	1
	1.2 Tracking key fund indicators	3
	1.3 Summary of progress towards the six goals	4
II.	Detailed account of activities of the Secretariat during the reporting period against the six goals	10
	2.1 Strengthening country-driven planning to originate and deliver high-quality, innovative, scalable investments	10
	2.2 Galvanizing GCF programmatic engagement with accredited entities	16
	2.3 Filling key gaps in GCF policy and governance frameworks	24
	2.4 Reducing engagement costs and time to funding by improving efficiency, effectiveness and transparency of GCF processes and speed of delivery	30
	2.5 Adopting adaptive management of portfolio implementation and strengthening GCF results management	35
	2.6 Consolidating institutional capacities and taking initial steps to position GCF to be a global knowledge hub and policy influencer in climate finance	38
	Annex I: 2020 KPI tracker as at 31 December 2020	47
	Annex II: List of memorandums of understanding in effect as at 31 December 2020	54
	Annex III: Project risk management systems	57
	Annex IV: Summary of feedback received during first sectoral guide consultation period, 9 November 2020 – 31 January 2021	63
	Annex V: Update on implementation of GCFs digital agenda	71

I. Introduction

1.1 Executive summary

1. This report on the activities of the Secretariat provides an update on progress made by the Secretariat in implementing its work programme for 2020, which was approved by the Board at its twenty-fourth meeting (B.24). It outlines the Secretariat's progress towards the six overarching goals as well as towards the key performance indicators (KPIs) set out in the 2020 work programme results framework, for the reporting period of 1 October to 31 December 2020.

2. The 2020 work programme goals continue to expand the Secretariat's focus on raising quality across its operational modalities through: strengthening country and entity engagement for transformational climate programming; facilitating access to GCF resources through streamlining and improving the efficiency and transparency of its processes; improving monitoring, adaptive and results management of the fast growing GCF portfolio; and advancing recruitment and strengthening organizational culture.

3. The overarching goals for 2020 were:

- (a) Strengthening country-driven planning and the partnership with national designated authorities (NDAs) to originate and deliver high-quality, innovative, scalable investments;
- (b) Galvanizing GCF programmatic engagement with accredited entities (AEs);
- (c) Filling key gaps in GCF policy and governance frameworks;
- (d) Reducing engagement costs and time to funding by improving the efficiency, effectiveness and transparency of GCF processes and the speed of delivery;
- (e) Adopting adaptive management of portfolio implementation and strengthening GCF results management; and
- (f) Consolidating institutional capacities and taking initial steps to position GCF to be a global knowledge hub and policy influencer in climate finance.

4. It would be impossible to report on 2020 without taking account of the pervasive impact of COVID-19 on GCF, its partners, specifically developing countries, and the global context for operations. Despite significant challenges, the Secretariat was still able to deliver or exceed on the majority of its 2020 goals as well as take significant steps to safeguard staff and operations. The KPI tracking sheet provided in annex I highlights progress against the annual goals as at 31 December 2020, as well as against the anticipated impacts of the COVID-19 pandemic at the start of the year.

5. The last report of the Secretariat (GCF/B.27/Inf.12) indicated that while the Secretariat expected 61 per cent of activities to be moderately or severely affected as of May 2020, most programmatic targets were on track to be met. Results at the end of the year confirmed this to be the case with most of the 2020 programming and implementation targets having been met or substantially exceeded. The Funding proposal approval target range has been exceeded by 74-39 per cent after the last meeting of the Board in 2020 (see table 1). Considerable progress was also made in terms of project implementation, with the impact of the COVID-19 pandemic both for funding proposals and the Readiness and Preparatory Support Programme (the Readiness Programme) being substantially less severe than anticipated in May 2020. Taking into account the most recent approvals at B.27, 73 per cent per cent of the GCF portfolio is currently under implementation (see table 2) compared with 59 per cent at the beginning of 2020. The value of Readiness first disbursements also doubled in 2020 compared to the original Work Programme targets (see table 3).

6. This progress is partly due to the adaptive portfolio management initiatives rapidly rolled out and active engagement with AEs, NDAs and delivery partners during the first half of the year. Engagement with AEs facing implementation challenges was exceeded by 1,380 per cent compared to the original targets. It was also a direct result of the Secretariat's efforts to map, streamline, standardize and automate internal processes for funding proposals and Readiness reviews and portfolio implementation that was initiated in 2019 and consolidated in 2020 through the first suite of GCF manuals.

7. While progress has been made and GCF programming processes have substantially matured, the next step in our organizational development journey is to investigate in greater detail where operational bottlenecks remain, with a focus on identifying what can be further addressed within the Secretariat, the broader GCF structure or within partners. As highlighted by the Secretariat at B.27, the potential for continued efficiency gains will rapidly decline without further simplification of GCF programmatic processes or additional investment in the programming capacity of NDAs and delivery partners. The simplified approval process (SAP) remains a telling example: there's a growing pipeline demonstrating increased uptake from partners, but approvals remain limited due to the limited simplification of GCF process.

8. A notable achievement in 2020 was the Board's adoption of the 2020-2023 Updated Strategic Plan (USP) following a series of virtual consultations. The USP, together with Decision B.27/06, affirms the Board's long-term strategic vision for the GCF, and sets out strategic objectives, updated parameters and guidelines for the allocation of resources, and strategic, operational and institutional priorities for GCF-1. However, delivery against the overall policy agenda under the 2020-2023 Board Work Plan remained limited. The Secretariat prepared 19 policy papers in 2020 for consideration by the Board, the Co-Chairs or committees but due to COVID-19 challenges only four were concluded by the Board.

9. At the institutional level, the priorities for 2020 were to ensure staff safety and business continuity through the digitalization of GCF operations; maintaining our talent acquisition efforts in an extremely challenging context for international recruitment; and strengthening our organizational culture. An ambitious People Plan was developed to set out a pathway for the GCF to attract and nurture a diverse and talented workforce and, ultimately, foster their long-term career development with our broader industry.

10. Furthermore, the year has seen considerable progress in the implementation of our project risk management systems (see Annex III), advancing consultation on a first set of sector guides (Annex IV) as well as a series of enhancement in GCF's ICT systems and the development of the 2020-23 Digital Agenda (see Annex V). Remarkably in the context of Covid-19, on-going resource mobilization efforts have also seen the total pledged amount for GCF-1 surpass the USD 10 billion mark, above the IRM. In addition, over 96 per cent of pledges have been formalized through signed contributions, exceeding the 90 per cent work programme target.

11. The report is organised as follows:

- (a) Section 1.3 provides a summary of progress against the six goals
- (b) Section II gives a more detailed account of the activities that were carried out against each of the six goals and Annex I contains a KPI tracker covering progress against all the annual KPIs, complementing the narrative of the report.
- (c) Annex II provides the regular update on the Memorandums of understanding signed by the GCF Secretariat as at the end of 2020.
- (d) Annexes III-V provide a more detailed account of: i) GCF's project risk management systems; ii) a summary of comments received on the two sector guides released for consultation in Q4 of 2020 and iii) and overview of GCF's ICT architecture and systems.

1.2 Tracking key fund indicators

12. 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 Programme and the Project Preparation Facility (PPF) (table 3).

Table 1: Summary of funding proposals indicators as at 31 December 2020

Funding proposals		B.25, B.26, B.27		Target for December 2020	
Total number of funding proposals approved	Public:	27 proposals	Total: 37 proposals	Public:	+ 28–33 proposals
	Private:	10 proposals		Private:	+ 12–16 proposals
Amount of funding approved (cumulative USD total)	Public:	1,184.74 million	Total: 2.06 billion	Public:	+ 580–680 million
	Private:	879.56 million		Private:	+ 600–800 million
Simplified approval process	No. funding proposals	7		11	
	Total USD	64.8 million		110 million	
Mobilizing funds at scale	No. funding proposals	4		3	
	Total USD	203.40 million		130 million	
MSME approved	No. funding proposals	-		-	
	Total USD	-		-	
REDD-plus approved	No. funding proposals	4		2	
	Total USD	268.11 million		150 million	
EDA approved	No. funding proposals	0		3–4	
	Total USD	0		60 million	

Abbreviations: B.25 = twenty-fifth meeting of the Board; B.26 = twenty-sixth meeting of the Board; B.27 = twenty-seventh meeting of the Board; MSME = micro, small and medium-sized enterprises.

Table 2: Summary of core portfolio indicators as at the end of reporting period

Core indicators	31 December 2020	Target for December 2020 ^a
AMAs signed	85	87
FAAs signed	132	107
Projects under implementation ^b and value ^c (USD)	116 (4.885 billion)	101–102 (4.575–4.655 billion)
Projects receiving disbursements and total disbursed ^d (USD)	96 (1.497 billion)	84–99 (1.499–1.805 billion)

Abbreviations: AMA = accreditation master agreement; FAA = funded activity agreement.

^a Targets indicate total cumulative amounts as expressed in the 2020 work programme. ^b This refers to projects that have reached funded activity agreement effectiveness.
^c The value refers to the GCF funded amount.
^d The amounts include accredited entity fees.

Table 3: Summary of Readiness Programme and Project Preparation Facility indicators as at the end of reporting period

Core indicators		31 December 2020		Target for December 2020 ^a	
Readiness	Proposals approved and approved amount (million USD)	Adaptation planning: 16 (35.48)	Total: 88 (78.22)	Adaptation planning: 18 (40)	Total: 68 (85)
		Readiness other than adaptation planning: 72 (42.74)		Readiness other than adaptation planning: 50 (45)	
	Total first disbursement amount ^b (million USD)	Adaptation planning: 14.62	Total: 38.70	Adaptation planning: 7.6	Total: 18.6
		Readiness other than adaptation planning: 24.08		Readiness other than adaptation planning: 11	
Project Preparation Facility requests	No. requests approved and approved amount (million USD)	10 (5.8 million)		10 (7 million)	
	No. requests receiving disbursement and amount disbursed (million USD)	11 (2.8 million)		n/a (4 million)	

^a 2020 work programme targets indicate additional approvals and amounts as carried out during 2020.

^b 2020 work programme targets refer exclusively to first disbursements carried out during 2020.

1.3 Summary of progress towards the six goals

1.3.1. Strengthening country-driven planning to originate and deliver high-quality, innovative, scalable investments

13. Building capacity for country-driven planning is key to enhance the quality of funding proposals at pipeline entry and achieve a paradigm shift in developing countries. At the onset of the COVID-19 pandemic. The Secretariat actively explored options to maintain its ability to engage with countries in this new operational environment.

14. Technical assistance to countries for developing transformational country programmes continued to be provided through a dedicated service provider consortium throughout the year. A second country programme was endorsed by the Secretariat's Climate Investment Committee (CIC) and seven additional drafts are being finalized. However, the quality of country programmes remains uneven and concerted efforts will be required to establish them as the GCF central tool for developing country investment plans.

15. As part of its adaptive response to COVID-19, the Secretariat also continued to pilot several virtual engagement modalities in addition to maintaining regular communication, including: i) virtual national and regional dialogues focused on country programmes and pipeline development, ii) participation in virtual regional sectoral dialogues to explore high-

impact programming opportunities, iii) targeted engagements exploring opportunities for GCF support for private sector outreach, devising resilient recovery methods and building investment pipelines under updates to nationally determined contributions (NDCs).

16. Thanks to a regular virtual engagement with other climate funds, annual targets on complementarity and coherence have been substantially exceeded. A total of 32 funding proposals and concept notes (CNs) contain complementarity and coherence elements, 12 more than the previous reporting period.

17. In addition to maintaining ongoing engagement with countries, progress also made in accelerating access to Readiness resources. Efforts to streamline Secretariat-managed processes for project review and approval resulted in a 61 per cent reduction in approval times. The number of proposals approved exceeded the 2020 targets but the total funding amount was lower due to a smaller average size of funding requests last year. Ongoing targeted support remains necessary to advance multi-year qualitative Readiness proposals for larger amounts. A significant pipeline of proposals has also been unlocked for disbursement through the finalization of framework agreements with international delivery partners, leading to a doubling of first disbursement amounts compared to the 2020 targets.

18. Technical arrangements were also used to rapidly provide dedicated PPF support to direct access entities (DAEs) for pipeline development throughout 2020. Notable progress was made in increasing funding through Direct Access Entities (DAEs), with almost a third (29 per cent) of total funding approved in 2020 channelled through DAEs. Almost half of this funding was for two projects previously supported by the GCF through project preparation support.

19. As the Readiness portfolio under implementation is growing at a fast pace, the Secretariat exceeded its targets for reviewing implementation reports by 128 per cent. In the process it implemented a number of adaptive management measures. The Secretariat has also kick-started engagement with countries to inform the development of dedicated knowledge products and is exploring options for managing the Readiness portfolio under its broader Portfolio Performance Management System.

1.3.2. Galvanizing GCF programmatic engagement with accredited entities

20. In complement to country programming efforts, entity work programmes are a critical second step in the GCF funding proposal cycle, as AEs are essential in ensuring countries have access to GCF resources. Entity work programmes are a key tool for responding to country programmes, contributing to improving the quality of funding proposals at pipeline entry and facilitating a more predictable programming engagement with GCF.

21. Two key targets for 2020 under this goal were to develop at least two multi-annual EWPs, and to submit to the Board 40–49 proposals in the range of USD 1.18 billion to 1.48 billion. Despite COVID-19, the Secretariat has significantly exceeded both targets: 9 multi-year EWPs have already been endorsed internally, including from a regional DAEs, and a further 19 EWPs are currently under various stages of review; and 37 project proposals were approved by the Board in 2020, worth USD 2.06 billion, exceeding the Work Programme (WP) target range by 74 – 39 per cent.

22. The Secretariat also advanced the development of high-quality sector guides to complement the USP and inform programming and pipeline development during the first replenishment (GCF-1). Two initial guides were released for consultation in November 2020. Based on the feedback received on these two initial sector guides, remaining guides will be released for consultation in two different batches after B.28 and B.29.

23. The implementation status of the requests for proposal (RFPs) remained uneven. The REDD-plus RFP allocation has been exhausted after B.27, the 2020 targets for the RFP on mobilizing funds at scale have also been exceeded post B.27 but little progress has been achieved regarding micro, small and medium-sized enterprises (MSME) and enhanced direct

access (EDA) because of limited uptake from AEs. As the SAP review and approval processes remain as complex as the regular proposal approval processes, the 2020 SAP approval targets could not be met. The Secretariat prepared a policy proposal to further simplify the SAP programming modality for the consideration of the Board.

24. The Secretariat supported the work of the Accreditation Committee on the updated accreditation framework but the matter was not considered by the Board in 2020. In collaboration with the Accreditation Panel, additional steps were taken to standardize and simplify the accreditation process through updated accreditation forms and re-accreditation tools, including a digital accreditation platform (DAP) piloted by year end. In spite of COVID-19, significant progress has also been made during the year in finalizing accreditation master agreements (AMAs). Three more AMAs were signed during the reporting period with private sector AEs, reaching a total of 85. Nonetheless, efforts to conclude AMAs with a few private sector AEs continue to be hampered by potential conflicts between their standing prudential requirements and GCF requirements.

1.3.3. Filling key gaps in GCF policy and governance frameworks

25. The two main GCF policy goals in 2020 were to finalize the update of the GCF Strategic Plan for 2020–2023 and fill some key policy gaps to better guide GCF-1 programming and operations. Notably, policies scheduled for consideration in 2020 under the 2020-2023 Board Work Plan (BWP) sought to further simplify access to GCF funding for small-scale activities; update operational modalities for independent funding proposal review; simplify access windows and the accreditation process; enhance GCF's ability to measure climate results in GCF-1; enable large-scale programmatic activities that can more quickly meet country demands; and guide programming through investment policies.

26. A The first key policy goal was achieved with the Board's adoption of the USP at B.27 following a series of co-facilitated virtual consultations. Together with Decision B.27/06 the USP affirm the Board's long-term strategic vision for the GCF, and set out strategic objectives, updated parameters and guidelines for the allocation of resources, and strategic, operational and institutional priorities for GCF-1.

27. Regarding the second goal, the Secretariat prepared 19 policy paper for consideration by the Board, Co-Chairs and Committees in 2020. Due to COVID-19 challenges, only 4 items were concluded by the Board. Out of the remaining 15 policy papers, 4 were published for a Board Meeting, with a further 2 released for Board consultation and 9 prepared for consideration by the Co-Chairs or Committees prior to Board consultation.

28. In order to improve the quality and timeliness of policy proposals, the Secretariat started a comprehensive mapping and streamlining of its internal policy processes, developed a series of policy templates and tools, established a Climate Policy Committee to provide quality assurance, and finalized the first draft of its Policy Manual. The draft manual standardizes the seven steps of the GCF policy development process and provides guidance to Secretariat staff in preparing high-quality proposals for the Board. By articulating the key elements to be considered when developing GCF policies, including the impact of any new policy on the existing GCF policy body, the Policy Manual is also expected to minimize GCF legal risk and liabilities that may arise from policy incompleteness or inconsistency. The draft will be finalized upon completion of an in-depth internal consultation process and should be published by mid-2021.

29. In parallel to its efforts to enhance policy development, the Secretariat also worked on policy implementation and reviews. The Secretariat further advanced the implementation of the active provisions of the Policy on the Prevention and Protection from Sexual Exploitation, Sexual Abuse and Sexual Harassment (SEAH Policy) related to covered individuals, while working on the policy revisions for third parties as mandated by the Board at B.25. Following a review of best international practices presented at B.27 and a further assessment of

implementation options and modalities for third parties and funded activities, the policy is expected to be presented to the Board at B.28 (detailed in section 2.3.7).

30. Policy implementation activities also saw internal consultations carried within the Secretariat on the draft standard operating procedures (SOPs) on anti-money-laundering and countering the financing of terrorism (AML/CFT). The final standards will be released in two batches, the first covering components of the policy that are currently under implementation, with the second covering new obligations under the policy which are not currently under implementation. The matter of the Legal Risk Policy was also concluded with the Risk Management Committee, with a decision to shift its development to the level of internal Secretariat guidance. The guidance was finalized in Q4 2020 by the Secretariat.

31. Project review activities also continued to ensure full adherence with Fund's Gender, Indigenous Peoples and Environmental and Social Policies.

1.3.4. Reducing engagement costs and time to funding by improving efficiency, effectiveness and transparency of GCF processes and speed of delivery

32. The fourth priority of the 2020 work programme was to streamline GCF operations in order to accelerate up access to GCF resources and increase transparency.

33. Efforts initiated in 2019 to map, streamline, standardize and automate GCF processes led to the finalization of three manuals in 2020: the internal-facing Operations Manual and Finance Manual, as well as the external-facing Programming Manual. In addition, the draft Procurement Manual was finalized for internal consultation by the end of the year.

34. These efforts led to noticeable progress in the efficiency and effectiveness of Secretariat operations and facilitated GCF's adaptive management to the COVID-19 pandemic. The annual target for signed FAAs was already exceeded at B.27, with end-of-year progress signalling a 123 per cent delivery against the target. This led to 116 projects worth USD 4.885 billion being under implementation (above the work programme target of 101–102 funding proposals ranging between USD 4.57 billion and USD 4.65 billion).

35. The digital journeys undertaken in 2020 were also significant and came as a result of both the growing maturity of GCF business processes and the need to quickly respond to COVID-19 challenges. In particular, the year saw two virtual Board Meetings organized in 2020 as well as preparations for the first meeting of 2021. The Secretariat finalized its 2020-23 Digital Agenda, outlining the main work pillars for GCF-19 and rolled out several new systems. Notable highlights include: a fully operational Project Review and Tracking Platform used for screening all FPs for B.26, B.27 and B.28, the Digital Accreditation Platform and Portfolio Performance Management System (PPMS) (see annex III).

36. Finally, while substantial progress was made in signing four additional privileges and immunities agreements in 2020 despite the challenges COVID-19 posed on developing countries, the overall coverage remains extremely low. GCF's current portfolio under implementation includes 77 countries where it does not have privileges and immunities. This means that the Fund is to disburse about USD 1.36 billion in countries where it does not have privileges and immunities coverage or through multi-country projects including countries without privileges and immunities agreements. In the absence of policy requirements demanding privileges and immunities for accessing GCF resources, risks emerging from portfolio implementation in the absence of privileges and immunities is bound to increase as the portfolio grows. Options to address this coverage gap through a linkage or relationship with the United Nations have been previously described at B.27, but fundamental challenges persist with regards to two possible options identified.

1.3.5. Adopting adaptive management of portfolio implementation and strengthening GCF results management

37. The challenges that the Secretariat previously signalled in relation to portfolio implementation and results management continued throughout the remainder of 2020. The Secretariat had to simultaneously manage a dramatic increase in the overall portfolio under implementation, further develop its results management processes and systems as well as respond to the unprecedented implementation challenges generated by the COVID-19 pandemic. Although the adaptive portfolio management measures put in place at the beginning of the year continued to bear fruit through to the end of 2020, the portfolio monitoring function of the Fund for performance and compliance must be urgently strengthened. This corporate priority and proposed solutions will be further spelt out in the resource plan expected to be submitted to the Board at B29.

38. The 2020 work programme set out the ambitious targets of disbursing between USD 1.499 billion and 1.805 billion and engaging with five AEs experiencing implementation challenges on the adaptive management measures they need to implement. At the start of 2020 the Secretariat revised downward the initial disbursement targets, anticipating significant impacts due to the pandemic. The Secretariat also anticipated that engagement would be needed with many more during the year. Throughout the year, the Secretariat ended up actively engaging with 67 AEs, dedicating substantial attention to processing many adaptive waivers, extensions and restructuring requests. As a result, total programme disbursement targets have been met. The Secretariat continues to monitor individual project circumstances, project implementation timelines and future disbursement schedules.

39. In terms of results monitoring, the 2020 work programme set a target of reviewing 65 annual progress reports (APRs) based on projects that were anticipated to enter implementation. As 75 entered implementation and 4 were granted extension waivers, the Secretariat finalized the review for 71 APRs received. The annual portfolio performance report (APPR) consolidating knowledge emerging from this work was presented at B.27.

40. To aid and facilitate timely execution of corrective actions, particularly in the context of COVID-19, and to improve portfolio performance, the launch of the web-based PPMS has been scheduled for January 2021. The PPMS will act as the main platform for tracking portfolio management status and performance checks, covering four key functions: (i) tracking the submission of implementation reports and disbursements; (ii) results management; (iii) tracking implementation risk areas; and (iv) knowledge management.

41. Strengthening results management starts with enhancing the quality of proposals at pipeline entry, so the Secretariat's result management team continued to: i) provide guidance to AEs on GCF's results and performance management frameworks and ii) engage with AEs on monitoring and evaluation methodologies, logical framework development and greenhouse gas (GHG) accounting guidance. The Secretariat reviewed ex-ante GHG emission reduction calculations for 45 funding proposals (a 300 per cent improvement compared with the 15-funding proposal target in the work programme), which strengthens GCF's confidence and ability to adequately measure results in mitigation projects. Based on the experience gained, the Secretariat is developing a standard GHG assessment methodology to apply to all proposals as part of its second level project design services and result management function. In addition, further revisions are being done to a project success rating tool in collaboration with the Risk Management Committee. The tool will support the funding proposal review process as well as portfolio monitoring, adaptive management and reporting.

1.3.6. Consolidating institutional capacities and taking initial steps to position GCF to be a global knowledge hub and policy influencer in climate finance

42. To further enhance its institutional capacity, the Secretariat prioritized staff safety and business continuity after the COVID-19 outbreak; filling key staff positions in the challenging COVID-19 context for international recruitment; and ensuring a respectful work environment and value-based organizational culture. The Secretariat also stepped up its external engagement, partnership development and communications on fostering a climate-resilient

recovery from the COVID-19 pandemic. Furthermore, it substantially advanced the signing of GCF-1 contribution agreements.

43. With regard to recruitment, the Secretariat completed the recruitment of six more positions during the reporting period, including that of Deputy Director, Mitigation Coordinator. Fifteen letters of appointment were accepted, with staff scheduled to join GCF in Q1 2021 and a further 50 positions are in the recruitment process. The Secretariat operates as a small independent structure with limited long-term internal movement opportunities. In light of this structural constraint, it is developing several professional growth initiatives to enhance its overall employee value proposition.

44. The Secretariat has previously reported on efforts at the start of the year to foster an organizational culture in line with the GCF Staff Code of Conduct and core values, and ensure a safe and respectful work environment. Implementation of the People Plan has been ongoing, including by: setting up a task force to define mechanisms and performance indicators to track delivery of the Senior Management Team (SMT) Charter; finalizing the online mandatory SEAH training; and scaling up the mentorship programme. Engagement with staff to share their concerns continued to improve through the organization of “safe spaces” and open-door policies. A first-ever, 360-degree assessment of senior and middle managers took place respectively in October and November 2020. It was followed up by the annual staff survey in December 2020, which reached an 84 per cent engagement from staff. These two exercises will inform further efforts to ensure a respectful work environment and value-based organizational culture.

45. The Secretariat also continued operationalizing an effective grievance mechanism finalizing a Handbook for the Grievance Architecture for internal consultations. The handbook clarifies the type of grievances, the appropriate channels to resolve them, and the terms of reference of the different actors in the process. It also identifies specific areas of improvement to increase transparency and efficiency in the resolution of disputes. Two independent mediators joined the GCF and the Ombudsperson has continued to actively engage with staff and divisions during the reporting period.

46. The focus of GCF communications and outreach efforts remained on fostering a climate-resilient recovery from the COVID-19 pandemic. This has comprised the preparation of dedicated knowledge and communications products as well as a series of engagements, on a virtual basis, such as: high-level engagement with Heads of States, Ministers and global leaders during the GCF’s Private Investment for Climate Conference; briefing United Nations Permanent Missions in New York; positioning GCF in advance of COP26 with key partners; and engaging with the Groups of Friends (GoF) coalitions of United Nations Member States on adaptation and resilience, climate change, financing for development and sustainable energy.

47. Additional pledges received throughout the year enabled GCF to exceed the USD 10 billion milestone for GCF-1 at today’s exchange rate. To date, contributions equivalent to USD 9.52 billion, or 96 per cent of nominal pledges for GCF, have been signed.

48. The Secretariat has also progressed in the implementation of its 2020-2023 knowledge management strategy by finalizing the feasibility stage of the taxonomy project, which will catalogue organisational knowledge, and by developing GCF Knowledge Generation and Sharing Guidelines to guide the quality assurance of Secretariat-led knowledge products. Discussions on setting up an Online Knowledge Hub will continue in 2021.

49. The Secretariat maintained its three-pronged strategy to promote personnel safety and business continuity in response to the COVID-19 pandemic: (i) a new working environment within G-Tower; (ii) a new way of working through digitalization; and (iii) a new way to ensure business continuity. During the reporting period this included adjusting GCF’s response levels and telecommuting policies to mirror those of the Government of the Republic of Korea as well as undertaking a lessons learned study to feed into the update of GCF business continuity plans.

II. Detailed account of activities of the Secretariat during the reporting period against the six goals

2.1 Strengthening country-driven planning to originate and deliver high-quality, innovative, scalable investments

2.1.1. Accelerate operationalization of the revised Readiness Programme Strategy

50. A key goal under the 2020 Work Programme was to accelerate access to Readiness resources and widen the range of support provided for country-driven programming. Specifically, in relation to the Readiness Programme, the Work Programme included a target of approving 68 additional proposals (KPI 1.1.1 & 1.1.5) of a total value of USD 85 million (KPI 1.1.2 & 1.1.6) for both standard Readiness proposals and national adaptation planning proposals.

51. To accelerate approvals and the deployment of resources, the Secretariat built on efficiency gains achieved in 2018 and 2019 by further reducing its response time across the review stages within its control. The Secretariat leveraged technology solutions to enhance the quality of requests for readiness support and to improve the processing of such requests through the grant cycle. In 2020, the Secretariat launched a cloud-based grant management software - Fluxx -, which enables online submissions of proposals. The Fluxx system was fully implemented in 2020 and has greatly enhanced transparency throughout the grant cycle by making it possible to check the status of Readiness submissions, approvals, implementation and closure. The Secretariat provided guidance and support to NDAs to adopt the new system. Notably, it enabled adoption of Fluxx accounts for differing internet capacity by allowing for the simple attachment of Word documents by NDAs. Further details on Fluxx may be found in Annex V.

52. As a result, end of year assessments indicate a 61 per cent efficiency gains in the timelines for approval of Readiness proposals, and 6 per cent efficiency gains over the past 2 years for processing disbursements, as outlined in Table 4 below. The time that proposals remain with the applicant's NDA and/or delivery partner for turnaround of comments represents a significant proportion – often a majority – of the submission-to-approval timeline.

53. In terms of approvals, the Secretariat anticipated that COVID-19 would severely impact the number of submissions and approvals in 2020. Indeed, new submissions and approvals were well below typical averages for previous years. However, a surge of proposals before the final 2020 deadline of 31 August led to a total number of proposals approved exceeding the targets. As of 31 December 2020, a total of 72 non-adaptation planning related proposals (KPI 1.1.1) worth USD 42.74 million (KPI 1.1.2) were approved. Seventy-nine percent of proposals were approved in the final quarter of 2020 due to the surge in submission before the deadline. Total funding approval amounts (USD 42.74 million) were just below the annual indicative programming goal in the work programme (USD 45 million), because of smaller funding requests and fewer complete multi-year proposals.

54. The Secretariat launched the updated Readiness Guidebook in March 2020, which has been translated into French and Spanish, and made available on the GCF website (an Arabic version will be published soon). The Secretariat also continued to help countries develop national Readiness needs assessments to enable them to subsequently submit proposals for multi-year strategic Readiness implementation requests in line with decision B.22/11, paragraph (h). Ongoing targeted support remains necessary to advance multi-year qualitative Readiness proposals for larger amounts.

Table 4: Summary of Readiness efficiency gains

Submission-to-approval cycle					
	Days between initial and final submission	Days between final submission and approval	Total days between initial submission and approval	Year-on-year efficiency (%)	Total efficiency gain (2018 to 2020) (%)
2018	166	91	257	6.55%	
2019	110	55	165	35.80%	
2020	68	31	100	39.40%	61.09%
Total days from approval to first disbursement					
2018	131				
2019	127				
2020	123				6.11%

55. The timelines from approval to first disbursement have remained rather constant, given the Secretariat depends on receiving disbursement requests from Delivery Partners. For many Delivery Partners this requires first to conclude cooperation agreements with NDAs.

56. Realizing the challenges and impacts of COVID-19, the Secretariat launched adaptive management measures to approved grants and support to climate resilient recovery. As of 30 December, the Secretariat reviewed and approved 216 no-cost extension (NCE) requests and 12 budget re-allocation requests in 2020, of which 192 NCEs and 5 budget revisions were related to the impacts of COVID-19.

2.1.2. Improving efficiency of approvals of adaptation planning proposals to formulate national adaptation plans and/or other adaptation planning processes

57. In parallel to the processing of standard Readiness requests, the Secretariat worked closely with countries and delivery partners to review adaptation planning requests, with 16 additional proposals (KPI 1.1.5) worth USD 35.48 million (KPI 1.1.6) approved in 2020. This represents a cumulative total of 58 approved proposals worth USD 139.46 million since 2016. Out of the 16 approved proposals in 2020, least developed countries (LDCs), small island developing State (SIDS), and African countries account for seven, two and six proposals respectively, worth USD 15.87 million, USD 4.65 million and USD 12.91 million, respectively. In total, 95 proposals from 91 countries were received by 30 December 2020, with an approval rate of 61 per cent. The Secretariat has disbursed cumulatively USD 56.21 million, accounting for 40 per cent of the total approved funding. In response to requests from the Conference of the Parties (COP), the Secretariat will continue to prioritize countries that have not yet accessed the adaptation planning support window, in particular LDCs, SIDS and countries in Africa.

58. The Secretariat has taken various initiatives and measures to improve efficiency and reduce processing times for proposals, including improved communication with NDAs and their delivery partners for proposal origination and revision, reduced turnaround times on review, and reduced turnaround times for internal clearances for approval. With these measures, all proposals reviewed in 2020 were advanced within the review target.

59. The adaptation planning portfolio currently supports up to 66 new and/or revised national adaptation plans (NAPs) and other national adaptation planning documents, 167 new and/or revised subnational adaptation plans, 111 new and/or revised sectoral adaptation plans, and 145 CNs targeting a range of climate finance sources including GCF. In addition, it also supports 28 countries in developing climate hazard impacts, vulnerability and risk assessments, 30 countries in developing inter- and intra-institutional coordination and decision-making mechanisms, 29 countries in developing stakeholder engagement frameworks and agreements, and 29 countries in developing financing strategies for specific adaptation priorities.

60. The challenges experienced by the Secretariat in the processing of standard Readiness proposals also apply to adaptation planning proposals, as there are substantial delays in the resubmissions of proposals by NDAs and their delivery partners. Some proposals spend in excess of six months with NDA and delivery partners prior to being resubmitted. A few are still with NDAs and their delivery partners after two years. This is likely due to a combination of capacity constraints in NDAs and their delivery partners, and the impact of the global COVID-19 pandemic on stakeholder engagements in the review process. To support NDAs and their delivery partners to address the review comments and improve the quality of proposals, various measures have been instituted: (i) organizing conference calls, where appropriate, to discuss Secretariat's comments to ensure clarity and understanding, especially for countries using a national or regional delivery partner; (ii) providing technical assistance through GCF adaptation planning consultants; and (iii) disseminating guidance and (iv) developing adaptation planning knowledge products covering best practices.

2.1.3. **Strengthening country-driven planning, programming, engagement and knowledge exchange**

61. As GCF is a partnerships institution and country ownership a key principle guiding GCF programming, the delivery of its mandate is highly dependent on its capacity to engage and support countries generate high-impact climate programmes and projects through the country programming exercise. The Secretariat has continued work throughout the last quarter of 2020 to maintain engagement and active communication with countries and ensure they continue to receive support for country-driven planning and programming, in spite of the COVID-19 context.

62. This has included the ongoing management of the three consortia contracted to strengthen the capacity of 25 NDAs and focal points to develop fully owned, evidence-driven country programmes that identify investment priorities for GCF in a manner that promotes country ownership. Under the guidance of the NDAs, the three consortia are supporting the NDAs and relevant national stakeholders in the development of activities which include data assessments, climate and economic risk profiling, development and analysis of emissions scenarios, climate vulnerability assessments, policy assessments, finance mapping and prioritization of projects and issues for GCF engagement. A total of 23 countries have been receiving virtual support from the consortia in 2020, with four additional countries reached during the reporting period.

63. The Climate Investment Committee endorsed the Country Programme of the State of Palestine on 5 November 2020 along with recommendations for implementation. This is the second Country Programme for GCF-1 that received endorsement from the CIC while seven more GCF-1 country programmes are at various stages of review. Where countries have an accredited DAE, their entity work programmes is being developed and considered in the context of the country programme, as a means to facilitate programming coherence.

64. The global COVID-19 context and limited travel possibilities raised the possibility of an "engagement gap" that would have impacted programming activities and operations. The Secretariat responded by piloting various means for digital and virtual engagement based on the national and regional needs observed. These engagements covered: (i) bilateral dialogues on country programmes, Readiness proposals and CNs or funding proposals for projects/programmes, including technical assistance for DAEs; (ii) technical dialogues on supporting investment plans under NDCs, climate-resilient recovery, private sector involvement; and (iii) regional programming engagement, as follows:

- (a) **Advancing country programmes:** In addition to the support offered through the technical consortia, the Secretariat directly participated in the virtual launch of Saint Lucia's Country Programme, funded through the country's first Readiness grant. Country programming engagements also took place with the Governments of Belize, Bahamas, Guinea-Bissau, Kenya, Liberia, Sierra Leone and Sao Tome and Principe, and key

national stakeholders, with the Secretariat providing feedback on how build a robust pipeline for GCF to realize national climate goals. As a result the Secretariat received Liberia's Country Programme while other countries have confirmed that their country programmes are undergoing national validation processes;

- (b) **Building understanding of the Readiness Programme:** In parallel to ongoing digital communication with all countries, the Secretariat also participated virtually in events organized by the Governments of Jordan, Myanmar, Paraguay and Sri Lanka to provide guidance on the structure and role of NDAs, prioritization of entities for accreditation, and how to access available GCF resources for strengthening capacity and pipeline development through Readiness support. Technical assistance was also provided to the NDAs of Angola, Benin, Burundi, Cabo Verde, Ghana, Guinea, Libya, Malawi, Rwanda and the United Republic of Tanzania, and the delivery partners they work with, with a view to advancing Readiness planning and Readiness needs assessments, and accelerating the development of Readiness proposals that promote private sector engagement, pipeline development and programming;
- (c) **Supporting investment plans under NDCs:** The Secretariat presented its role in supporting NDC ambitions in the sixth Caribbean NDC Support Virtual Exchange Platform, and also participated in a webinar organized by International Renewable Energy Agency, the United Nations Framework Convention on Climate Change (UNFCCC) and United Kingdom COP26 Presidency on Advancing the Energy Transition in Latin America and the Caribbean through NDCs. The webinar enabled discussions for Latin America and the Caribbean on raising the ambition of the national climate pledges in the lead-up to COP26, through enhanced NDCs;
- (d) **Enhancing climate-resilient recovery:** The Secretariat introduced the opportunities for accessing GCF resources and using GCF support for the development and implementation of climate-resilient recovery strategies aligned with countries' NDCs and other climate strategies during the Central Asia Climate Change Conference 2020: Climate Change in Times of Pandemic (COVID-19);
- (e) **Informing private sector engagement:** Virtual conferences and webinars held by the governments of Colombia and Paraguay allowed the Secretariat to present how the private sector can benefit and access GCF Readiness support and what types of financial instruments can be accessed through the Private Sector Facility.
- (f) **Regional engagements:** At the invitation of the Government of Uzbekistan and the United Nations Resident Coordinator, the Secretariat attended the virtual inaugural meeting that launched the Advisory Committee for Sustainable Development of the Aral Sea Region. GCF provided guidance on the types of climate change projects that GCF finances and how project developers and government institutions could strengthen the link between the ongoing climate change situation in the Aral Sea region and potential projects that could be proposed. The Secretariat also organized a technical programming webinar for NDAs and DAEs across Asia. The interactive webinar featured plenary presentations, breakout sessions, peer to peer knowledge-sharing and polling, and covered a range of topics including the latest programming updates such as the PPF guidelines, Multi-Year Strategic Readiness, and Climate Resilient Readiness. Representatives from the Government of Afghanistan and Infrastructure Development Company Limited also had the opportunity to share their experiences about programming with GCF. A meeting also took place with development partners in Central Asia to assess opportunities for GCF support for enhancing policy dialogue, capacity-building and project identification and preparation, reviewing the experiences of design and implementation support of IFI-supported investment projects in Central Asia.

2.1.4. **Supporting an increase in country-driven, GCF-aligned direct access entity projects**

65. Direct access is a core operational modality of GCF, and an important one for enhancing the country ownership of GCF programming. The 2020 work programme set out a goal to both widen the network of DAEs as well as strengthen the support provided to DAEs to build up the DAE pipeline (KPI 2.2) and scale up funding channelled through DAEs. In addition, the DAE portfolio saw steady growth throughout 2020. In nominal terms, DAE funding now makes up 18.4 per cent of total GCF portfolio (compared to 14.5 per cent as at the start of the year), as almost a third (29.3 per cent) of total funding approved in 2020 was through DAEs.

66. Work advanced in supporting countries identify suitable DAEs to be proposed for accreditation. Bilateral discussions on setting up a national accreditation strategy took place with the NDAs of Afghanistan, Bangladesh, Botswana, Ghana, Indonesia, Jordan, Malaysia, the Marshall Islands, Mongolia, Nepal Rwanda, Samoa, Sri Lanka, Thailand and Vanuatu. Where DAEs were identified by the countries, work commenced to provide support for undertaking the required accreditation gaps assessments. For a number of recently nominated DAEs, Readiness support has been approved to support meeting the accreditation conditions.

67. Acknowledging that accreditation is only the first step in enhancing DAE engagement with GCF, the Secretariat also continued to provide Readiness and PPF support to DAEs for pipeline development and engage DAEs in their entity work programme (EWP) exercise.

68. A first EWP from a regional DAE, the Caribbean Development Bank, was endorsed by the Secretariat's Climate Investment Committee in December. Another six DAE EWPs are in different stages of review within the Secretariat.

69. The Secretariat has continued providing support to DAEs for project development. A total of 14 projects from DAEs received support for designing CNs and/or fine-tuning funding proposals to better align with the GCF investment criteria in 2020 (KPI 2.2). Some of these proposals are expected to be presented to the Board in 2021. Notably, during the reporting period, 3 DAEs received support to advance project proposals which target enhancing community resilience and water security, developing resilient adaptive practices for water management and leveraging local financial institutions for independent power producers

70. In parallel, the Secretariat also advanced efforts to increase its engagement with public development banks, many of which are DAE through the International Development Finance Club (IDFC). IDFC is a group of 26 national and regional public development banks (PDBs) from all over the world committed to align their activities with the Paris Agreement To date, GCF has accredited 29 PDBs of which 13 are members of IDFC¹. The Secretariat approved a regional Readiness proposal to strengthen the capacity of 13 IDFC members that are also GCF DAEs to access GCF resources. A joint GCF-IDFC publication was also released at the Finance in Common Summit in November, outlining opportunities for national and regional development banks to leverage their mandates and positioning to unlock public and private funding for a low carbon and resilient future.

2.1.5. Monitoring and sharing of Readiness outcomes

71. As the Readiness portfolio continues to grow at a fast pace in both the number and maturity of its projects under implementation, there is a steady increase in the implementation information requiring processing and analysis by the Secretariat as well as a growing need for a more standardized and integrated approach to portfolio management. The Secretariat has continued to improve the monitoring of project implementation and results in the Readiness

¹ GCF AEs that are IDFC members: Agence Française de Développement, Banco Nacional de Desenvolvimento Econômico e Social, Banque Ouest Africaine de Développement, Cassa Depositi e Prestiti S.p.A., CDG Capital S.A., Central American Bank for Economic Integration, Corporación Andina de Fomento, Development Bank of Southern Africa, Japan International Cooperation Agency, Korea Development Bank, Kreditanstalt für Wiederaufbau, PT Sarana Multi Infrastruktur, and Small Industries Development Bank of India.

portfolio and enhanced the capturing of lessons at project completion through comprehensive reviews.

72. The 2020 work programme set out a target for reviewing 90 interim progress reports (IPRs) and completion reports (CRs) (KPI 5.2.2). As at the end of the year the Secretariat had reviewed 176 IPRs and 26 CRs, well beyond the original target. The detailed portfolio analysis stemming from the above reviews was reported in the APPR submitted at B.27.

73. In December 2020, the Secretariat launched the first round of the survey titled “Your Advice on the GCF Readiness and Preparatory Support Programme” to elicit feedback from country stakeholders (NDAs and DPs) that will inform the development of the Readiness Knowledge Bank. The Readiness Knowledge Bank team will use the information to prepare knowledge products and trainings tailored to the capacity-building and learning needs of the NDAs and DPs. A second release of the survey, with an enhanced questionnaire, is planned in the first quarter of 2021 to reach a wider group of NDAs and DPs and receive more comprehensive inputs on their learning needs.

74. In parallel, the Secretariat’s Office of Portfolio Management is exploring a more robust and integrated system to monitor, analyse and present the performance of the Readiness Programme and to cope with the increasing volume of Readiness projects. The Readiness portfolio will be managed through the Portfolio Performance Management System (PPMS) in 2021. The increasing volume of the Readiness portfolio has increased the workload on the OPM team in 2020 and this increase in workload is expected to continue in 2021.

75. Finally, the Secretariat is also conducting an assessment of the portfolio looking at: (i) the effectiveness and efficiency of programme implementation; and (ii) lessons from the first generation of Readiness proposals to inform future origination efforts. Results from this assessment will be incorporated into the next annual report to the Board on the Readiness Programme in 2021 and will inform the upcoming Readiness strategy and budget request for 2022–2023.

2.1.6. Enhancing complementarity and coherence with other climate finance delivery channels

76. Given the complex landscape of climate finance, ensuring countries can quickly access resources for countries requires a high level of complementarity and coherence across the various sources of support available. The Secretariat continued to lead the implementation of the operational framework on complementarity and coherence continues to focus on collaboration with the Global Environment Facility (GEF), including the Least Developed Countries Fund and Special Climate Change Fund, Climate Investment Funds and the Adaptation Fund. At B.27 the Board took note of the “Annual update on complementarity and coherence” presented as annex III of the “Report on the Activities of the Secretariat”.²

77. The work programme set out the target of engaging five countries in complementarity and coherence as part of their programming (KPI 1.2.2) and having complementarity and coherence strategies embedded in 10 new funding proposals or CNs (KPI 1.2.1). In spite of the engagement challenges posed by COVID-19 in 2020, the Secretariat exceeded this set of KPIs with 32 CNs and funding proposals developed taking into account complementarity and coherence aspects and 11 countries engaged by the end of the year.

78. In addition, the Secretariat and the Adaptation Fund Secretariat concluded the development of a structured approach for enhancing the efforts to scale up successful Adaptation Fund projects under implementation that could benefit from GCF support for continuation, replication and/or scalability. Next steps include the Adaptation Fund sharing with GCF a list of potential projects for testing this approach in 2021.

² See annex III to Document GCF/B.27/Inf.12.

79. The Secretariat continued working with the GEF to identify opportunities for scaling up climate outcomes with interested countries and partner entities. With a view to strengthening cooperation between both funds, the GCF Executive Director and the GEF CEO held a working meeting and agreed on developing a joint long-term vision on complementarity. This long-term vision is expected to be concluded in the first half of 2021 and aims to identify specific areas where complementarity actions by the two funds will generate high impact outcomes for developing countries in climate change adaptation and mitigation.

80. Upon approving new thematic funding areas in the first half of 2020, the Climate Investment Funds administrative unit engaged with donor countries for fundraising and roll out calls for projects. The GCF Secretariat remained in close contact with Climate Investment Funds and was requested to wait until early 2021 for the conclusion of the fundraising process to engage in discussions aimed at exploring common programming pathways.

81. The Fourth Annual Dialogue of Climate Finance Delivery Channels, an event mandated by the Board (B.13/12) and facilitated by the ED took place virtually on 26 November 2020 with the participation of the heads of the Climate Investment Funds, GEF and the Adaptation Fund. Besides exchanging experiences to support developing countries to recover from the COVID-19 crisis in a climate-resilient manner, the heads of the climate funds agreed on an updated road map with seven joint activities on four pillar areas: (i) harmonization of indicators; (ii) programming, scaling up and blended finance; (iii) knowledge management and capacity-building; and (iv) communications and outreach.

2.2 Galvanizing GCF programmatic engagement with accredited entities

2.2.1 Facilitating engagement on entity work programming

82. Given the nature of the GCF business model, its partnerships with AEs are essential to enabling countries' access to GCF resources and supporting them develop and implement transformational climate projects in line with their NDCs, NAPs and other climate strategies. If the first step in the GCF project approval process is the preparation of country programmes, it is followed by the preparation of EWPs by AEs in response to country programmes, to originate transformational initiatives aligned with GCF investment criteria and programming ambitions. EWPs are intended to foster a proactive, strategic and country-owned approach to pipeline development and programming with GCF. They are a strategic tool to support AEs develop and prioritize their pipeline for GCF and contribute to the development of high-quality, climate-focused funding proposals at entry.

83. As noted in section 2.1.4, DAEs develop their entity work programmes in the context of country programming and NDAs are requested to integrate the work programmes of their national DAEs into their respective country programmes. Throughout 2020, the Secretariat continued to engage with DAEs and IAEs on their programming goals for GCF-1 in order to achieve the KPI 2.5 target of developing at least two multi-annual EWPs. Despite the COVID-19 pandemic, the annual target been exceeded with a total of 9 EWPs being endorsed by the Climate Investment Committee following extensive review processes within the Secretariat: the Caribbean Development Bank, the Agence Française de Développement, Conservation International, Deutsche Gesellschaft für Internationale Zusammenarbeit, European Bank for Reconstruction and Development, the Luxembourg Development Cooperation Agency, Save the Children Australia, United Nations Environment Programme and the World Wildlife Fund, Inc. An additional two EWPs have been considered by the Climate Investment Committee and are under review following the recommendations made by the Climate Investment Committee. A further 17 draft EWPs are at various stages of the review process within the Secretariat or by the respective AEs and will be submitted to Climate Investment Committee for endorsement when ready.

84. Given the travel constraints due to COVID-19, the Secretariat continued to engage virtually with all regional and international AEs through regular calls and email correspondence with a view to support the development of additional EWPs for the Secretariat' review. In addition, the Secretariat has also held virtual strategic engagement workshop with three AEs. These virtual strategic engagements involved discussion on partnership approach, programming strategy, review of pipeline, and analysis of portfolio.

2.2.2. Utilizing concept note and funding proposal reviews to improve pipeline quality and advance the GCF portfolio

85. The 2020 work programme set ambitious programming and pipeline development targets for building the GCF portfolio during the first year of GCF-1, taking into account commitment authority availability. This included goals of: (i) reviewing up to 70 funding proposals and 100 CNs in 2020; (ii) advancing 70 CNs for funding proposal development and 95 funding proposals for the final Secretariat interdivisional review (KPI 1.3); and (iii) submitting between 40 and 49 proposals for Board consideration and approval of a value between USD 1.2 billion and USD 1.5 billion (KPI 1.4).

86. As at 31 December 2020, the Secretariat has reviewed 35 new funding proposals and 101 new concept notes, along with the continuous review of the 55 funding proposals and 260 concept notes in the existing pipeline. A rolling review cycle has been introduced to ensure GCF resources continue to be allocated and accessed by developing countries, recognizing the need for faster access in the context of the challenges posed by the COVID-19 pandemic. As a result, 31 concept notes and 36 funding proposals were endorsed at CIC2 for Secretariat inter-divisional review.

87. The work programme also set ambitious performance benchmarks for providing first responses to AEs on their CNs and funding proposals (30 days and 75 days response targets, respectively) (KPI 4.1). During the reporting period the Secretariat has reviewed and provided feedback to AEs within the standard turnaround time for more than 65 per cent of the new CNs and funding proposal submitted.

88. As a result of continuous AE engagement on pipeline development and the review of proposals on a rolling basis, the 2020 annual programming target on the utilization of GCF resources has been substantially exceeded. The Board approved a total of 37 funding proposals during the three Board meetings in 2020, amounting to USD 2.1 billion in GCF resources (KPI 1.4) for a total project value of USD 4.9 billion. The high programming review capacity put in place throughout 2020 has also resulted in a further 15 proposals being prepared for the Board consideration at B.28, requesting USD1.2 billion in GCF resources for a total project value of USD 7.5 billion.

2.2.3. Advancing the development of sector guidance and guiding high-quality pipeline development

89. In parallel to on-going pipeline development engagement, the Work Programme recognized the need to support countries develop high impact and high-quality projects that are in line with GCF Board approved investment criteria by developing sector guidance. The Work Programme set out an ambition to finalize at least 10 sector guides in 2020 (KPI 1.5.2)

90. Given the complexity and substantive content of the guides and the need to ensure they reflect wide stakeholder reflections, the Secretariat is taking a staged approach to developing and finalizing the guides to ensure stakeholders have sufficient time to engage on each of the guides. The first two first guides were advanced and released for consultation during the reporting period (*Cities, Buildings and Urban Systems* and *Agriculture and Food Security*) as a means to get initial feedback on the approach taken and pilot various consultation modalities. Lessons learned from this first round of consultation will further inform the development and engagement planned on the future batches.

91. The consultation process for the two pilot guides began on 9 November 2020 and remained open until 31 January 2021 to give sufficient review time to stakeholders. The consultation was open to: the Board, advisers, observers, NDAs, Direct and International Access Entities, Civil Society and Private Sector representatives and sector experts. A commenting framework by the Secretariat was developed to inform stakeholders on how comments received will be collected, categorized, used and stored.

92. Consultations were carried through two platforms: The PleaseReview platform was used for the Board, NDAs and AEs, offering confidentiality to those providing comments. In addition, all stakeholders were invited to provide feedback on the public HYPEInnovation platform. Further calls were scheduled for Civil Society and Private Sector Observers for January 2021. The consultation was supported by two Secretariat-led webinars for both guides which allowed for questions and answers. Live interpretation from English to French and Spanish was also made available for webinar participants. Both webinars were presented twice to accommodate global time-zones and allow for greater participation. The webinars for the *Cities, Buildings and Urban Systems* and *Agriculture and Food Security* guides are now available to watch on-demand via the GCF website and the HYPEInnovation platform.

93. The Secretariat received 54 submissions of comments on the two drafts. Feedback collected through this first round of consultations indicated broad agreement and support for the approach taken in terms of the structure and focus of the guides, with requests for clarifications and suggestions for incorporating additional technical measures in the proposed solutions. Observations on the consultation process itself indicate that there is a need to increase the symmetry of the process: while a large number of comments were received, only 18 per cent submissions were from Board members and only 5 per cent from developing country Board seats. The Secretariat is seeking to address this going forward by organizing further webinars specifically for Board members – a first such webinar was held for Board members on 18 February 2021.

94. A more elaborate summary of comments received on the *Cities, Buildings and Urban Systems* and *Agriculture and Food Security* sectoral guides is included in annex IV to this report. The guides and the full list of comments received from stakeholders are available on the *HypeInnovation*³ platform under their respective sections. The remaining guides are currently under development jointly with technical partners and will be released in batches after B.28 and B.29.

2.2.4. Maximizing private sector engagement and broadening the scope of private sector programming, including through dedicated requests for proposals

95. The 2020 work programme set out a number of priorities around advancing private sector programming as a means to enable a mobilization of resources at scale towards the delivery of country priorities and objectives. This included an ambition to approve between USD 600 million and USD 800 million for private sector projects in 2020, through both regular programming and dedicated RFPs, as well as continue engagement with the private sector under the four key business services established by the Secretariat, covering financial institutions, project finance, private equity and structured finance.

96. As at the end of the year, the programming targets had been exceeded, with USD 879.56 million approved for private sector projects over the course of 2020. This is a substantial increase (253 per cent) from the funding approved for PSF projects in 2019 (USD 354 million), demonstrating growing potential for advancing high-impact private projects. The Secretariat also anticipates a further USD 750–880 million to be programmed through PSF sector projects in 2021, in line with the work programme. PSF programming indeed only represent a part of GCF private sector programming, carried out through both the Division of Mitigation and Adaptation and the Private Sector Facility (PSF). This engagement spans work with PDBs to

³ To access the files, registration is required through the following link: <https://consult.greenclimate.fund>

support traditional credit lines for small and medium-sized enterprises (SMEs), farmers and other national groups, to PSF engagement with a range of private sector actors to deliver risk mitigation, leverage additional private funding streams and mobilize resources at scale.

97. With regard to private sector RFPs, progress remained uneven. At B.27, the Board approved two additional projects under the Mobilizing Funds at Scale RFP, committing USD 18.5 million for “Global Subnational Climate Fund (SnCF Global) – Technical Assistance (TA) Facility” submitted by the International Union for Conservation of Nature (FP151), and USD 150 million for “Global subnational Climate Fund (SnCF Global) – Equity” by Pegasus Capital Advisors (FP152). Targeting a total of 42 countries across the Africa, Asia-Pacific, Eastern Europe, and Latin America and the Caribbean regions, SnCF Global presents a positive disruptive solution on how subnational climate projects should be structured, de-risked, and funded by both private and public investors, while monitored and benchmarked at the highest level of rigour and quality. The Secretariat continues to engage with proponents of the shortlisted projects towards developing full funding proposals for consideration by the Board.

98. Little progress was achieved on the MSMEs RFP since the last approvals, with three outstanding shortlisted proposals under the RfP which have been submitted a while back. Two have not been advanced by the respective AEs and are currently inactive, while for the third one, the AE has limited accreditation scope. An overall review of private sector RFPs will be carried in 2021 in line with the updated workplan of the Board, in the context of an assessment of the performance and results of all GCF RFPs.

99. PSF has also been engaging with the Network for Greening the Financial System, the Task Force on Climate-related Financial Disclosures, the Partnership for Carbon Accounting Financials, Official Monetary and Financial Institutions Forum and other international organizations and initiatives around promoting best practices in climate finance, including sustainable finance policy development and carbon accounting and disclosure by financial institutions.

100. Finally, the Secretariat hosted the third annual GCF Private Investment for Climate Conference (GPIC) from 12 to 14 October 2020 (KPI 2.3.3), in spite of the COVID-19 circumstances, as a virtual event. It gathered more than 3,000 participants from over 130 countries to discuss priorities, share experiences and forge new partnerships to unlock investments for a green and resilient recovery. Investors flagged COVID-19 as a wake-up call for efforts to shift portfolios towards climate-friendly investments, and stressed the private sector’s critical role in resourcing developing countries to implement green economic stimulus measures in response to the dual challenges of the pandemic and climate change.

2.2.5. Further simplifying the simplified approval process

101. Under its programming targets, the 2020 work programme set out an ambition of approving 11 SAP projects in 2020, evolving SAP capacity-building and training tools and further reducing the timelines in the SAP review and approval process under a revised policy proposal.

102. The SAP pipeline continued to grow during the reporting period, signalling persistent interest from countries and AEs in quicker access to funding for small-scale activities. As at 31 December, the pipeline consisted of a total of 103 CNs and funding proposals, requesting GCF funding of USD 948 million and a total investment of approximately USD 2 billion with co-financing. A further 4 SAPs were approved by the Board at B.27, totalling 7 SAP proposals approved over the course of 2020. Due to the limited simplification of the SAP modality the initial target of 11 SAP projects considered by the Board was not met. The Secretariat internally re-assessed its targets at the outset of the COVID-19 pandemic and revised down the internal target to 6, which was exceeded by the end of the year.

103. The Secretariat continued its capacity-building efforts to help AEs and NDAs/focal points develop SAP proposals. In October 2020, the Secretariat released the SAP Water

Technical Guidelines, detailing important concepts for SAP in the water sector. This brings the total number of SAP Technical Guidelines to eight. The Secretariat also continued its development to the SAP e-learning module. In December 2020, the Arabic version of the e-learning module was published on the GCF iLearn website. The e-learning is now available in English, French, Spanish, and Arabic and over 1,000 people have taken the course since its launch. The Secretariat also disseminated information on the SAP modality in the context of the GPIC, focusing on how the SAP modality can be used to unlock private sector financing. There is a growing pipeline demand for the SAP modality, however, as mentioned above, without further simplification, it will not be possible to meet this demand.

104. In order to support the Board address this issue, as mandated by decision B.25/08, the Secretariat drafted the policy paper on the further development of the simplified approval process, which was shared with the Co-Chairs in mid- 2020. This policy paper was not tabled at B.26 and B.27. It is scheduled to be considered by the Board at B.28 in 2021.

105. In November 2020, the SAP team conducted a survey to collect feedback and comments from AEs and NDAs on the SAP Online Submission System (OSS) launched in 2019. The survey results noted that most of the AEs find the SAP OSS efficient; however, a number of entities did experience some technical problems. During the course of 2021, the SAP team, in coordination with GCF ICT, will work to further improve the SAP OSS and its users' experience.

2.2.6. Promote uptake of the Enhanced Direct Access Pilot Programme

106. The 2020 work programme also set out specific programming goals regarding the Enhanced Direct Access Pilot Programme, namely, to approve 3–4 EDA proposals over the course of 2020, and develop EDA guidelines and an appraisal toolkit for dissemination to external stakeholders.

107. At the end of December 2020, the EDA pipelines consists of a total of 14 EDA proposals for public sector projects with a GCF financing amount of USD 283.47 million. However, the initial expected 2020 target (three funding proposals to be approved) was not achieved. COVID-19 had a particularly unfavourable impact on the speed of preparation of EDA funding proposals. EDA project preparation requires extensive field consultations and the limited capacity to travel internationally and nationally might have contributed to increasing the required time for project preparation, consequently delaying the submission of complete EDA funding proposals.

108. The Secretariat continued nonetheless to promote the use and understanding of the EDA RFP among the DAEs and NDAs through a set of dedicated activities, as outlined below:

- (a) The guidelines for the development of EDA projects have been developed in consultation with relevant stakeholders, including the Adaptation Fund (AF), the World Resources Institute (WRI), the International Centre for Climate Change and Development (ICCCAD), the United Nations Capital Development Fund, the International Institute for Environment and Development, and Care International. These have been published in January 2021;
- (b) Jointly with the WRI, the Secretariat organized two webinars in December 2020 with NDAs, AEs and WRI's Locally Led Climate Action Track partners, with the aim to promote the EDA pilot, disseminate the EDA Guidelines and engage stakeholders in an open dialogue around locally led climate action through the EDA pilot;
- (c) Infographics have been delivered to visually explain the main features and objectives of the EDA pilot in a user-friendly fashion; and
- (d) The Secretariat continued to maintain regular engagements with locally led climate action partners, including the AF, ICCCAD and WRI, to explore opportunities of collaboration and potential synergies.

109. The work undertaken throughout 2020 to guide the DAEs on how to present an EDA project, coupled with rising interest from several national and local stakeholders in the EDA approach to promoting locally led climate actions, especially in adaptation, is anticipated to revitalize the EDA pipeline throughout 2021.

2.2.7. Advance REDD-plus results-based payments

110. Under the REDD-plus RFP launched in October 2017 the 2020 work programme set a target of approving 2 REDD-plus proposals over the course of the year. This target was already met with the B.26 approvals and was subsequently exceeded with the approval of the Argentina and Costa Rica REDD-plus RBP projects at B.27.

111. To date, eight countries have received payments from GCF, amounting to a total of USD 496,75 million: Argentina, Brazil, Chile, Colombia, Costa Rica, Ecuador, Indonesia and Paraguay. There is clear indication of traction in the results-based payments direction.

112. As at the end of 2020, the pilot programme has exhausted its funds (initial allocation of USD 500 million), and the Secretariat will analyse opportunities for the continuation of the REDD-plus RBPs programme for Board consideration during 2021, under the overall review of RFPs in line with the updated workplan of the Board.

2.2.8. Build pipeline quality through the Project Preparation Facility

113. Recognizing the key role of project preparation support in advancing high-quality pipelines for GCF, the Secretariat continued work towards meeting the 2020 work programme goal of approving an additional 10 PPF requests over the course of 2020 to expedite the design of innovative transformational interventions across sectors as well as further improving the efficiency of the PPF process, with a dedicated focus on enabling access for DAEs.

114. Several concerted actions were taken towards improving and expanding the PPF support to more efficiently assist AEs, especially DAEs in the development of funding proposals for GCF:

- (a) The PPF application review and appraisal process has been substantially streamlined and simplified over the course of 2020: the timelines between CN endorsement and approval of PPF applications reduced from 194 days to 88 days, resulting in 55 per cent efficiency gains throughout 2020;
- (b) An additional simplified access modality to the PPF funding has been developed to meet the needs of AEs through a simplified template and standardized requirements for applications requesting less than USD 300,000;
- (c) The Secretariat has set up a new business line, a PPF service, through working with a roster of eight independent consultancy firms that can provide project preparation services to AEs. This new PPF access modality enables the Secretariat to deploy such firms directly upon request, ensuring fast and high-quality delivery to AEs, especially DAEs, who have difficulties in managing the implementation of PPF activities by themselves. The PPF service is now operational and processing applications;
- (d) In collaboration with the Readiness Programme, the Secretariat has also strengthened its capacity to provide project development technical assistance to DAEs and NDAs by working with three project development firms. This, in addition to the roster of individual technical consultants, will be able to provide more in-depth project development assistance to DAEs and NDAs;
- (e) The PPF guidelines have been updated accordingly and translated into Arabic, French and Spanish; and

- (f) Two webinars were held to provide guidance to partners on the above, gathering about 167 participants globally, and other communication materials such as videos and infographics were produced.
115. Such enhancements contributed to the progress achieved with respect to individual PPF applications and the overall PPF pipeline and portfolio.
- (a) Over the course of 2020, 10 additional PPF applications have been approved, 6 of them from DAEs, meeting the work programme target. This brings the overall PPF portfolio to 37 projects, of which 25 (67 per cent) are from DAEs. The total approved amount is USD 23.4 million, of which USD 14.9 million has been disbursed;
- (b) Nine funding proposals developed through PPF support have now been submitted to the Secretariat. Three of these projects, all brought by DAEs, were approved at B.19 and B.27, respectively, and 2 out of the 3 are private sector projects. Other submitted funding proposals are at different stages of review and revision; and
- (c) Due to challenges posed by COVID-19, several AEs requested no-cost extensions for PPF implementation which resulted delays in completion of PPF activities and therefore submission of funding proposals. The Secretariat expects more PPF activities will be completed and lead to submission of funding proposals in 2021.

2.2.9. **Develop and operationalize an accreditation strategy and streamlining the accreditation process**

116. Acknowledging the crucial role AEs play in enabling countries' access to GCF resources, the 2020 work programme set out key goals to enhance the multifaceted engagement of GCF with AEs by developing an accreditation strategy, advancing the updates to the accreditation framework, further streamlining, accelerating and increasing the transparency of the accreditation process and kick-starting the re-accreditation process.

117. The Secretariat supported the Board in developing aspects of the USP related to an accreditation strategy (KPI 2.4.1). The Secretariat also continued to support the Accreditation Committee in the development of the updated accreditation framework, including providing the Accreditation Committee with an analysis of the AE portfolio (in terms of access modality, type of entity [e.g. public and private], geographical coverage in terms of operations, range of accreditation scope [e.g. fiduciary functions and instruments, size categories and environmental and social risk levels], and portfolio of projects/programmes with GCF). As the Board's decision (B.24/11) to prioritize a list of entities up to B.25 expired on 12 March 2020, the review of accreditation applications defaulted to a first come, first completed basis. Following the adoption of the USP at B.27, the Secretariat is reviewing accreditation applications taking into account the accreditation strategy and approach contained in the USP. Its directions will continue to guide the work of the Secretariat in relation to building the portfolio of AEs and managing the pipeline of accreditation applications.

118. Throughout the reporting period the Secretariat supported the Accreditation Committee to revise the draft updated accreditation framework, including the project-specific accreditation assessment. Following the request of the Co-Chairs to the Accreditation Committee on 29 September 2020, the Secretariat supported the Accreditation Committee in revising the draft document and scheduled a virtual meeting of the Accreditation Committee for 7 October 2020 with the view to resolving the remaining area of divergence regarding the scope of the project-specific accreditation assessment. The revised document was transmitted to the Co-Chairs on 14 October 2020. The Secretariat remains available to further support the Accreditation Committee in the development of the updated accreditation framework, including PSAA.

119. In addition, the Secretariat has supported the Accreditation Committee by designing and implementing a 360-degree performance review of Accreditation Panel members prior to the expiration of their terms. Following nomination by the Accreditation Committee, two current

Accreditation Panel members, and four new members were appointed to serve as senior experts to the Accreditation Panel from May 2021 to April 2024 (decision BM-2020/13).

120. Efforts also continued to streamline the accreditation process by increasing efficiency through improving tools and guidance, increasing transparency, enhancing communications, and digitalizing accreditation workflows.

121. The Secretariat has launched a new Digital Accreditation Platform (DAP) as part of GCF's ongoing efforts to becoming a digital organization. The platform covers all stages in the accreditation and re-accreditation lifecycle, replacing the previous Online Accreditation System). It also allows AEs to apply to upgrade their accreditation types, address accreditation conditions, as well as submit annual and mid-term reports on their continued compliance with GCF standards. The DAP is based on updated accreditation and new re-accreditation application forms, guidance notes to applicants, as well as tailored, fit-for-purposes review checklists to be used by GCF in accreditation application reviews, which were developed by the Secretariat in coordination with the Accreditation Panel. Two modules of the DAP on re-accreditation and AE-level reporting have become operational by 31 December 2020, with the remaining modules to be launched in early 2021. Further details can be found in Annex V.

122. The Secretariat supported the Accreditation Panel towards establishing a baseline methodology on the overall portfolio of AEs, which is one component of the re-accreditation process. The Secretariat coordinated piloting the application of the methodology, which was then implemented by the Accreditation Panel with the support of a consultancy firm, with a diverse group of AEs, with the view that such AEs could submit the outcomes of the pilot as a part of their re-accreditation applications. Information on the baseline methodology and its application is contained in document GCF/B.28/XX/Add.XX under agenda item "Consideration of accreditation proposals" (pending publication). The Secretariat also continued to provide guidance to AEs on the re-accreditation process (KPI 2.4.3). To provide flexibility during the COVID-19 pandemic, the Board decided in decision B.26/01, paragraph (h), pursuant to decision B.24/13, paragraph (a), and on an extraordinary basis, that the Secretariat may issue a one-time extension for a period of six months to the deadline for submission of a re-accreditation application, subject to a justified request from AEs. During the reporting period, the Secretariat has issued extensions to two AEs in response to its submitted request (in addition to one issued previously).

123. Work on improving the transparency and efficiency of the accreditation process included providing feedback and guidance to current and potential accreditation applicants as well informing NDAs on the status and progress of their accreditation pipeline. Such improvements are targeted through the DAP and GCF portals for NDAs and AEs, and by setting up service standards for processing times of active accreditation applications.

124. As at 31 December 2020, 103 entities had been approved for accreditation by the Board, and 73 AEs had fully completed the accreditation process by having a signed and effective AMA. Of the 103 entities, 62 (60 per cent) are direct access national and regional entities, including 24 from the private sector, meeting the work programme targets (KPI 2.4.2). The accreditation pipeline consists of 122 entities at the end of the year.

125. The Secretariat also continued to support NDAs in developing accreditation strategies and approaches to identifying DAEs that support the country programme and/or align with the country's climate change priorities and to subsequently support DAEs meet the GCF accreditation standards, as outlined in section 2.1.4.

2.2.10. Accelerate AMA signing

126. Recognizing that Board accreditation is only the first step in enabling AEs to engage on programming with GCF, the 2020 work programme set up the goal of signing additional 25 AMAs in 2020 (87 in total) (KPI 2.1), with the view to increase the network of AEs that can engage with GCF. As at the end of 2020, the Board had approved 103 entities for accreditation:

62 DAEs and 41 international access entities (IAEs) (a ratio of 60:40). The reporting period has seen rapid progress on the negotiation and signing of AMAs, even considering the COVID-19 pandemic, which has raised challenges for the negotiation process. All AEs with an approved project/programme to date have a signed and effective AMA with GCF.

127. Within the reporting period, the Secretariat signed AMAs with three additional AEs (Attijariwafa Bank, Macquarie Alternative Assets Management Limited, Trade and Development Bank of Mongolia) bringing the total number of AMAs signed to 85. Additionally, the Secretariat made one AMA effective after the respective AE (Macquarie Alternative Assets Management Limited) had submitted the necessary requirements, bringing the total number of AEs able to fully engage with GCF up to 73. As at 31 December 2020, a total of 12 AEs that have signed the AMA are pending effectiveness, pending their submission of the relevant documents such as legal opinions.

128. The 18 pending AMAs that are still under negotiation are: three AMAs with private commercial banks (IAEs), 11 AMAs with DAEs and four AMAs with IAEs, as follows:

- (a) For the three commercial banks challenges remain with regard to passing down of GCF standards and requirements to executing entities, as well as GCF integrity policies. Such reconciliation may require applying approaches the Board has previously approved in the AMAs of other types of AEs, or deviations from the current AMA template considered by the Board in decision B.12/31. A proposal to resolve these issues is being prepared for the Board's consideration in 2021;
- (b) Out of the 11 DAEs, 4 have been accredited recently. One of the AEs is near reaching agreement on the AMA text and the other three are in the process of negotiating the AMAs. Further, 2 AEs are also near finalizing the negotiation of the AMAs. For the remaining 5 DAEs, challenges relate to the respective entities needing to resolve internal structural issues and restructuring processes or due to AMA consultations and approval sought by the respective NDAs; and
- (c) Out of the 4 IAEs, 2 have been accredited recently. While one of the AEs recently accredited has already reached a working-level agreement on the AMA text, the other AE is in the process of negotiating the AMA. Out of the remaining 2 AEs, one is near finalizing the negotiation while the other is engaged in organizational restructuring process with the aim to re-engage in the negotiation of GCF on the AMA in 2021.

2.3 Filling key gaps in GCF policy and governance frameworks

2.3.1. Enhancing accountability to the COP

129. The governance arrangement of GCF under the Governing Instrument set GCF up to be accountable to and function under the guidance of the COP. An ongoing annual work programme priority across the years has been to ensure this function is fulfilled through collaboration with the UNFCCC Secretariat, by responding to COP guidance and reporting annually to the COP (KPI 3.1.1).

130. Over the reporting period the Secretariat engaged remotely with constituted bodies of the UNFCCC, including meetings of the Technology Executive Committee, Climate Technology Centre and Network Advisory Board (CTCN), Executive Committee of the Warsaw International Mechanism on Loss and Damage (ExCom), and Standing Committee on Finance. In addition, the Secretariat supported the Co-Chairs in hosting the Fifth Annual Meeting of GCF with the Constituted Bodies of the UNFCCC, in line with decision B.13/11. The meeting focused on enhancing cooperation and coherence of engagement between the GCF and UNFCCC constituted bodies to better support developing countries meet their commitments under the Convention and the Paris Agreement including as they cope with the COVID-19 pandemic, and will be reported in the report of activities of the Co-Chairs.

131. The Secretariat also engaged in the UN Climate Change Dialogues 2020 (Climate Dialogues) which provided a platform for Parties and other stakeholders to showcase progress made in 2020 and exchange views and ideas across the subsidiary bodies and COP agendas mandated for 2020. The Secretariat engaged in Race to Zero Dialogues on Built Environment; Koronivia Joint Work on Agriculture: Workshops during UNFCCC Climate Dialogues, flagship events of the Adaptation Committee and Technology Mechanism with objective of answering questions to Parties and stakeholders and providing information on the GCF-1 programming.

132. The Secretariat shared the draft of the Ninth Report of the Green Climate Fund to the Conference of the Parties to the United Nations Framework Convention on Climate Change with the Board at B.27 through document GCF/B.27/17, containing a proposed decision in which the Board would request the Co-Chairs, assisted by the Secretariat, to finalize the report, taking into consideration the comments and decisions made by the Board at its twenty-seventh meeting, and submit the revised report to the UNFCCC. No decision was taken by the Board on this matter at B.27. The Secretariat supported the 2020 Co-Chairs in revising the report addressing concerns raised during B.27, circulated the revised report to the Co-Chairs in December 2020 and it remains in consultation with their respective constituencies.

2.3.2. Supporting informed Board decision-making

133. The Secretariat supported the Co-Chairs with respect to B.27 and B.28, as well as with respect to Board consultations on the policy and administrative matters under the 2020 Board Work Plan.

134. Notably, during the reporting period, the Secretariat undertook a range of activities in preparation for and in execution of the Board's second virtual meeting at B.27. This included regular coordination calls with the Co-Chairs, providing technical support to Board members to ensure their full participation in a virtual meeting, and the successful conclusion of the meeting via Zoom. These activities also included supporting the preparation and issuance of Board meeting documents, implementing Board consultation processes between meetings, and post-meeting reporting. Following B.27, the Secretariat took steps to prepare for the transition from the 2020 Co-Chairs to the 2021 Co-Chairs, including setting priorities for 2021 in light of the adopted USP at B.27.

135. Following the publication of Drf.01 of the provisional agenda for B.27, the Secretariat produced 35 documents for the consideration of the Board at B.27, including: (i) funding, SAP, and accreditation proposals; (ii) policy and strategy documents; (iii) evaluations; and (iv) annual implementation reports. Due to the late publication of Drf.01 of the provisional agenda, documentation relating to items on the provisional agenda were not transmitted at least 21 calendar days before the first day of B.27 (KPI 3.2)

136. At B.27, the Board took 11 decisions, which are captured in document GCF/B.27/22 titled "Decisions of the Board – twenty-seventh meeting of the Board, 9 – 13 November 2020". These include the approval of funding proposals and accreditation proposals, the approval of the USP, and approvals of the work programmes and budgets of the Secretariat, Board, Trustee, and the independent units. The Secretariat also submitted proposed decisions without a Board meeting with the approval of the Co-Chairs. The decisions without a Board meeting for the reporting period are covered in document GCF/B.27/Inf.15 titled "Board decisions proposed between the twenty-sixth and twenty-seventh meetings of the Board", and document GCF/B.28/Inf.XX titled "Board decisions proposed between the twenty-seventh and twenty-eighth meetings of the Board" (document pending issuance).

2.3.3. Delivering the strategic and policy agenda for the year

137. As 2020 was the first year of GCF-1, the Work Programme set out the primary goal of updating GCF's strategic directions for 2020-23 and closing remaining policy gaps in line with the Board Work Plan (KPI 3.5). These are the important to improve the quality of funding

proposals at pipeline entry and guide programming, facilitate access to GCF resources, enhance operational effectiveness and manage results. Items for the Board's consideration under the 2020 agenda of the updated Board Work Plan included the updated Strategic Plan for 2020-23 as well as policies which sought to further simplify access to GCF funding for small-scale activities; update operational modalities for independent funding proposal review; simplify access windows and the accreditation process; enhance GCF's ability to measure climate results in GCF-1; enable large-scale programmatic activities that can more quickly meet country demands; and guide programming through investment policies.

138. Following a series of co-facilitated virtual consultations with the Board throughout July-October, the Board adopted the USP, achieving a key strategic priority for GCF-1. Following its adoption, the Secretariat kick-started a series of implementation planning efforts, which are further described under the "Report on the implementation of the Updated Strategic Plan 2020-2023" (document GCF/B.28/Inf.10/Add.03).

139. On the policy front, the Secretariat advanced the preparation of policy papers for Board consultation and consideration in line with the workplan of the Board 2020-2023 as updated at B.25 as well as the 2020 Board consultation schedule managed by the Co-Chairs.

140. Over the course of 2020, the Secretariat further established its internal policy development process under the Climate Policy Committee which (i) facilitated cross-Secretariat collaboration in elaborating policy proposals; (ii) provided quality assurance of all final products to meet internal standards and requirements; and (iii) oversaw the development process to ensure timely delivery.

141. As a result, the Secretariat prepared 19 policy items over the course of 2020. Their status at the end of the year is as follows:

- (a) Four items were concluded by the Board or Committees: Review of SAP (B.25), Review of the independent Technical Advisory Panel (TAP) (B.25), Review of initial financial risk management framework (through the report of the Risk Management Committee at B.25), Legal risk policy (delegated to the Secretariat, described further in section 2.3.6);
- (b) Four were published in advance of Board meetings: Monitoring and evaluation gaps (B.25), Integrated Results Management Framework (B.27), Policy on programmatic approach (B.25), Analysis on currency fluctuations (B.27);
- (c) Eight were circulated to committees prior to Board consultations: updated accreditation framework and the project-specific assessment approach; update of TAP modalities; review of financial terms and conditions; mapping eligibility and selection criteria; policy on concessionality; policy on incremental and full cost methodologies; and guidance on GCF approach for adaptation; and
- (d) Three were circulated to the Co-Chairs or for Board consultations: Evaluation Policy, updated SAP, and guidelines for extraordinary Board meetings.

142. In parallel, the Secretariat advanced work towards evolving a Policy Manual (KPI) in line with its ambition to codify and standardize key processes through dedicated manuals. The Policy Manual sets out the stages for policy development, assigns internal roles and responsibilities for this process and provides guidance for developing high-quality GCF policy proposals. The manual sets out the key considerations that should be taken into account when developing a policy proposal, including by providing guidance for carrying impact assessments and cost benefit analyses. In doing so, it will also help build a better understanding of potential legal risks emerging from policy implementation and guide the identification of most optimal policy solutions reflecting the GCF business model. The manual is being prepared for internal consultations with a view to finalize by mid-2021.

2.3.4. Review of the risk management framework components I-VII and the initial financial risk management framework

143. Regarding the review of the risk management framework components I–VII, the Secretariat is in process of procuring the services of a qualified firm to revise the risk management framework and relevant components (KPI 3.1). The RFP along with the terms of reference for procuring the services of a qualified firm has been published on the GCF website to invite suitable firms.

2.3.5. Advance work towards the completion of the Investment Framework

144. In line with the 2020 work programme, the workplan of the Board 2020–2023, and the ambition to close remaining policy gaps pertaining to the Investment Framework, the Secretariat continued to advance the remaining Investment Framework policies: (i) the policy on incremental cost and full cost methodologies; (ii) the policy on concessionality; (iii) guidance on the approach and scope for providing support to adaptation activities; and (iv) the mapping of elements related to project and programme eligibility and selection criteria.

145. Under the 2020 Co-Chairs consultation plan these were delegated to the Investment Committee (IC) for further deliberation prior to consultation with the Board. The Secretariat continued to engage the IC on these matters and the latest drafts were shared with the IC members in October 2020 for further inputs. The documents are pending further consideration by the IC and have been included to the Board agenda for 2021 under the updated workplan of the Board 2020–2023.

146. In parallel, the policy on programmatic approaches has also been deferred to 2021 under the updated workplan of the Board 2020–2023. Meanwhile, the Secretariat engaged with the Independent Evaluation Unit (IEU) on the issue of appraisal of subprojects and disclosure policy to receive further feedback on the process of subproject quality assurance.

2.3.6. Develop and present the legal risk policy for Board consideration

147. The Secretariat has continued to support the Risk Management Committee (RMC) in the development of a legal risk policy for the Board’s consideration (KPI 3.4).

148. Following internal analyses and consultation, the Secretariat recommended to the RMC that the scope of the legal risk policy would more naturally fall under an internal guidance document as it covers how legal risks are to be identified and managed by GCF personnel in its day-to-day operations and activities. The RMC confirmed they are in alignment with its content, which is essentially the acknowledgement that legal risk is a key risk type GCF will encounter in pursuit of its mandate as documented in the results management framework (RMF) – the risk appetite statement and risk register. The conclusion of the issue will be brought to the Board’s attention at B.28, under the report of the RMC.

149. The guidance defines legal risk and identifies some of the key sources of legal risk that GCF may be exposed to in its operations including mitigation approaches and reporting for this risk type. These are already being undertaken by the Secretariat. It provides high-level principles-based guidelines, and it is not intended to be an exhaustive list of legal risks, mitigants and remedies, but rather to serve as a reference for determining and specifying legal risks as they emerge, so that appropriate measures can be taken by the Secretariat to address those risks through relevant mitigation actions and/or remedies. It also recognizes that legal risks, and their mitigants, can change and evolve over time and should be managed flexibly depending on specific circumstances. This would be done within a control environment and as per the framework of the Committee of Sponsoring Organizations of the Treadway Commission that GCF adopted. Ownership of legal risk will be determined with consideration of organizational structure and where the expertise to manage legal risk resides and this will be detailed in the RMF.

150. In terms of its findings, the legal risk guidance identifies three main sources of legal risk for GCF:

- (a) **Limited coverage of privileges and immunities for GCF:** In jurisdictions where GCF (and thus GCF personnel) do not enjoy, or have limited, privileges and immunities, GCF may be exposed to, among other things, judicial, administrative or executive actions in such jurisdictions, including expropriation or litigation, as well as impairment of the ability of GCF personnel to discharge their official functions;
- (b) **Liabilities arising from policy inconsistencies with regard to third-party obligations:** Where GCF policies give rise to inconsistencies with third-party obligations, GCF may be exposed to a variety of potential claims, potentially covering privacy and data protection, intellectual property, procurement, loss, injury or death, and employment claims, as well as claims relating to harm from funded activities; and
- (c) **Breach of procedures for establishment of GCF policies, rules and procedures:** Non-adherence to procedural requirements in development of new or amended policies, rules and procedures may result in unintended consequences, such as: (i) policies, rules and procedures that are inconsistent with the Governing Instrument or other policies, rules and procedures; (ii) legally unsound policies, rules and procedures, due to procedural flaws or substantive errors; or (iii) breach of obligations under the GCF legal framework or contractual agreements, resulting in the inability to give effect to new policies, rules or procedures or amendments and/or give rise to liability risks.
151. At the Secretariat level, guidance for avoiding such liabilities through the policy development process is provided under the evolving Policy Manual (see section 2.3.3).

2.3.7. Implementation and review of the Policy on the prevention and protection from Sexual Exploitation, Sexual Abuse and Sexual Harassment (“SEAH Policy”)

152. The GCF adopted the SEAH Policy in 2019, setting out strong provisions for covered individuals (GCF personnel and Board) and GCF third parties in the context of GCF-funded activities.
153. The Secretariat continued to implement the provisions related to covered individuals, which has resulted in: (i) all candidates applying to work with GCF making SEAH declarations; (ii) an annual declaration template for existing staff personnel has been developed and is under consultation; and (iii) all personnel undertaking mandatory SEAH training in line with the policy sensitization requirements. This training will be converted into an e-learning format to improve ease of access by GCF personnel and other covered individuals. The e-learning course is expected to be rolled out in the first quarter 2021.
154. Discussions on provisions that relate to third parties and are applicable to safeguarding funded activities have been ongoing since the adoption of the policy. As the GCF business model implies a very high number of third parties, the approach to be adopted must balance the need to ensure SEAH risks are addressed, covered and mitigated in the context of funded activities, with that of ensuring that the application of third-party obligations is feasible and does not create an unmanageable range of legal and financial liabilities for the organization.
155. The Secretariat continued progress with the development of the policy revisions scheduled for presentation to the Board at B.28. In accordance with decision B.25/05, paragraph (d), the policy proposal is aligned with the established practices of international financial institutions as detailed in the independent Comparative Analysis and Technical Assessment of the SEAH Policy, as well as with the SEAH Advisory Report of the IRM, which were presented for the Board’s information at B.27. The proposal consists of allocating SEAH safeguarding responsibilities and obligations across two distinct policies: an ongoing GCF-wide SEAH policy that will continue to apply to GCF covered individuals, with the third-party obligations taken up under the Environmental and Social policy, in line with global best practice.
156. An independent legal assessment of the legal risks and liabilities presented by the proposed policy revisions highlighted a significant reduction in the hitherto extensive risks and

liabilities posed to GCF as a result of the inoperative SEAH policy third-party obligations. The Secretariat also considered the cost implications of implementing the third-party revisions and finalized the related budget proposal for onward transmission to the Budget Committee in line (decision B.25/05 para. (e)).

157. The policy was scheduled for release for Board consultation in January 2021, and subsequent technical sessions with the Board are planned with a view to further strengthen the understanding of the SEAH and Environmental and Social Policy (ESP) revisions. The Secretariat remains on track to present to the Board the revisions to the SEAH and ES policies at B.28.

2.3.8. Supporting the implementation of existing policies

158. In addition to advancing policy development and implementing the active provisions of the SEAH policy, the Secretariat also continued implementing the other policies approved by the Board, namely, the Anti-Money Laundering and Countering the Financing of Terrorism Policy and the GCF safeguarding policies.

159. Jointly with the Independent Integrity Unit (IIU) the Secretariat continued advancing the development of the Anti-Money Launder and Counter Financing of Terrorism Standard Operating Procedures (AML/CFT SOPs). Consultations were conducted across the GCF operational units and the IIU for the two draft SOPs and these are in the process of being finalized. Considering the GCF operating model, the Secretariat has assessed that it is necessary to roll out the SOPs in two volumes: (i) one is scheduled to be presented to the Ethics and Audit Committee before the end of March 2021 and will cover aspects of the AML/CFT Standards which are currently under implementation; and (ii) the second would focus on addressing the new obligations introduced through the policy and which are not under implementation, with the target launch date by mid-2021. In addition, the Secretariat is developing a tailored organization-wide training focusing on best industry-practices and aims to deliver the training sessions by the end of 2021 first quarter.

160. With regard to GCF safeguarding policies, the work programme foresaw the ongoing application and enhancement of the Gender, Indigenous Peoples and Environment and Social Policies. Their application across Secretariat review processes continue to ensure that all funding proposals advanced for consideration by the Board meet the GCF safeguarding standards and requirements. In particular:

- (a) All funding proposals continue being evaluated in terms of their environmental and social risks and impacts and how they are planned to be avoided, minimized or mitigated. This also includes checking that stakeholder engagements have been conducted in the development of funding proposals. Activity-level grievance redress mechanisms are also recommended to be developed and be readily accessible to potentially affected people and communities during project/programme implementation. The review also ensures that adequate institutional arrangements are in place to implement, monitor and continuously improve required management measures;
- (b) The Secretariat is also in the final stage of the process to procure the most qualified consulting firm to be contracted to provide support to the Secretariat in developing GCF environmental and social safeguards (ESS) standards;
- (c) Funding proposal reviews also ensure all AEs have undertaken and submitted gender assessments and gender action plans in compliance with the gender policy (KPI 1.6) and allocated budget and expertise for their implementation. All projects have undertaken stakeholder consultations to ensure inclusivity and with sensitiveness to local context, have assessed existence of enabling environment in countries to address gender issues and ensured transparency and access to project level redress mechanisms. Programmes have submitted gender action plans at the programme level and are expected to submit project level gender action plans through stakeholder consultations and field levels

assessments. The gender action plans include indicators and targets that allow quantitative and qualitative monitoring of changes and improvements in identified gender issues;

- (d) Gender assessment are also carried by the Secretariat under its reviews of NAPs, country and entity work program, readiness and PPF proposals. Capacity development support was offered through dedicated webinars and a session was also conducted internally for Secretariat staff on the implementation of the updated gender policy; and
- (e) The Secretariat provided technical support to the UNFCCC Local Communities and Indigenous Peoples Platform on identifying climate financing for indigenous peoples and local communities. Technical support was also provided to AEs to build capacity and disseminate information on the Indigenous Peoples Policy.

2.4 Reducing engagement costs and time to funding by improving efficiency, effectiveness and transparency of GCF processes and speed of delivery

2.4.1. Finalizing GCF manuals to improve understanding of GCF policies and processes and streamlining internal review processes

161. A key priority of the 2020 work programme was to streamline and automate GCF operations to facilitate access to GCF resources and increase transparency. Continuous efforts to streamline and strengthen internal systems have led to progress in the efficiency and effectiveness of Secretariat operations. These process re-engineering efforts are being codified in six manuals, three of which, the Programming Manual, the Operations Manual and the Finance Manual, were finalized in 2020.

162. Following completion of the Programming Manual in July 2020 and the Operations Manual in August 2020, the Secretariat distributed copies of the manuals to GCF staff, and shifted its attention to socializing the manuals and implement the procedures outlined therein. An interdivisional team led by Knowledge and Change Management began working with a consultant to develop a digital learning module based on the manuals to be used as part of the GCF onboarding programme. When completed in 2021, this module will outline the GCF programming cycle and describe the Secretariat operations at each stage of the cycle to develop impactful projects. The Secretariat also included a few key performance indicators in its 2021 work programme related to implementing new procedures outlined in the Operations Manual (KPI 5.2 for 2021).

163. September 2020 marked one year since the establishment and operationalization of the CIC, which oversees, within the authority conferred on the Secretariat by the Board and the Governing Instrument, the development, management and financial planning of the GCF pipeline of project CNs and funding proposals submitted by AEs and NDAs, in alignment with the portfolio-level goals of GCF and Board decisions on financial planning. In November 2020, the CIC began reviewing its requirements and procedures to further improve the quality and efficiency of CIC deliberations and the technical review process. This work will be completed in early 2021.

164. In line with KPI 4.8 in the 2020 work programme, three sets of templates and standard operating procedures for Secretariat operations committees were codified in the Operations Manual. These correspond to CIC1, which focuses on country and EWPs, CIC2, which focuses on project concepts contained in CNs and funding proposals, and CIC3, which recommends funding proposals for consideration by the TAP and the Board. A fourth set of templates was discarded following the elimination for efficiency reasons of a fourth type of CIC meeting to authorize interdivisional review of each funding proposal.

2.4.2. Strengthening and standardizing procurement practices

165. The revised Corporate Procurement Guidelines came into effect on 31 August 2020 introducing provisions on socially and environmentally sustainable procurement, “best and final offer” approaches to evaluation, bidder debrief, and complaints mechanisms as well as regulations on engagement of individual consultants. The revised guidelines are expected to enhance transparency, stewardship, corporate procurement planning, and fairness in the way procurement is undertaken at GCF.

166. The guidelines will be supported by a detailed Procurement Manual which is under development and is expected to be finalized within Q1 2021. The Procurement Unit has also established 14 long-term agreements in the course of 2020, which increase effectiveness and efficiency in the procurement procedures while reducing transaction costs and achieving economies of scale and stability for recurring and critical GCF requirements.

2.4.3. Elaborating GCF financial policies and administrative procedures

167. In line with the 2020 ambitions to further codify and standardize GCF processes through the development of key manuals, the Secretariat developed the Finance Manual to set out the principles and procedures for processing financial transactions and required reporting on the same. The manual will guide the orderly and efficient management of GCF financial resources, in addition to ensuring accountability and appropriate reporting to different stakeholders. The manual has been finalized and made available to all staff.

168. In consultation with the IC, the Secretariat also developed a paper on “Initial analysis of options to minimize the effects of currency fluctuations on the commitment authority”, which was included on the B.27 agenda but was not opened. The document is scheduled for Board consideration in 2021.

169. During 2020, the Secretariat also contracted the services of an external consultant to assist with carrying an analysis of the financial management system of GCF. An initial assessment report has been produced and will be followed by work on knowledge exchange with comparable institutions. The final outcome of the exercise will be an analysis of options for GCF, cost estimates for the project and detailed terms of reference for use in soliciting request for proposals for setting up the financial management system of GCF. The services of a new external auditor have also been procured to lead the auditing of future financial statements.

170. The GCF finance team has also supported various institutional and programming Secretariat efforts. In particular, the team was involved in the development of the 2021 Work Programmes and budget. A budget proposal was developed through extensive consultations with the Secretariat, independent units and the Budget Committee and the exercise also sought to expand the scope of cost allocation to the independent units. In parallel, the finance team provided ongoing support the review and assessment of all funding proposals and Readiness requests, worked on the negotiation of AMAs, FAAs and related term sheets, reviewed and processed disbursements requests, and reviewed all the APRs.

171. The team also supported the faster execution of the FAA’s and supported the successful negotiations around minimizing administrative costs in multiple projects. During the year, the team also continued its work to find more efficiency gains including by standardizing templates and review comments.

2.4.4. Accelerating funded activity agreement signing and project disbursements

172. The 2020 work programme continued the focus of GCF on speeding up access to resources by accelerating the conclusion of legal agreements for moving projects towards implementation and advancing disbursements. Targets under this priority included signing 33 additional FAAs (KPI 4.2) and facilitating disbursements in the range of from USD 1.499 billion

to USD 1.805 billion (KPI 4.3). At the onset of the COVID-19 pandemic, the Secretariat anticipated these targets to be substantially impacted.

173. The Secretariat had already exceeded the annual target for signed FAAs at B.27, and nine additional FAAs were signed during the reporting period. As at the end of the year, the target has been exceeded by 123 per cent, with a total 132 signed FAAs for a total of 165 funding proposals approved, including 6 lapsed funding proposals (KPI 4.2). Further details on the status of FAAs can be found in the related limited distribution document (see document GCF/B.28/Inf.10/Add.01). This brings the total number of projects under implementation to 115 projects out of the total 159 approved projects, which indicates a 73 per cent implementation rate. These projects are worth USD 4.9 billion in GCF funding and are being implemented across 98 countries by 35 AEs.

174. Similarly, in May 2020 the Secretariat revised downward the disbursements targets to a range of from USD 1.3 billion to USD 1.6 billion. However, as at the end of the year, the Secretariat disbursed a total of USD 1.497 billion to date, accounting for 39 per cent of the total GCF funding for projects under implementation, meeting the annual target. The Secretariat expects that the number of projects under implementation will range between 141 and 158 by the end of 2021. The total amount for cumulative disbursement is projected to fall in the range of from USD 2.2 billion to USD 2.7 billion by the end of 2021. The Secretariat recognizes that disbursement is a first step in resources reaching communities and beneficiaries on the ground. The timing and volume of actual expenditure will continue to depend on the capacity of AEs to engage stakeholders in a timely manner and advance activities on the ground in line with project implementation timelines.

175. The total funds reflowed from the projects under implementation amount to USD 23.7 million, that consists of: (i) principal of USD 8.8 million; (ii) interest of USD 9.6 million; (iii) investment income of USD 3.0 million; and (iv) commitment, service and any other fees of USD 2.4 million. As many GCF-funded projects are in early stages of implementation, the amount for reflow is small as compared to the total GCF funding for loans which is USD 3.1 billion, but it is expected it will gradually increase as the portfolio matures.

2.4.5. Facilitating and monitoring the implementation of the Information Disclosure Policy and continuing to advance access to GCF information

176. Re-affirming the GCF commitment to ensuring transparency across its processes, the Secretariat continued to review forms submitted by AEs covering their disclosure of ESS reports for funding proposals for the Board's consideration in accordance with the requirements of the Information Disclosure Policy (IDP) and Environmental and Social Policy. It facilitated the timely disclosure of such forms to the Board members, active observers and to the public through the GCF website. The Secretariat also reviewed forms submitted by AEs covering their disclosure of ESS reports at the subproject level. Thirteen reports (10 at pre-Board stage, three at subproject level) were submitted to Board members and active observers during the reporting period.

177. During the reporting period, the Secretariat also disclosed on the GCF website various project-specific APRs submitted by AEs. The disclosures were made after coordination with the AEs concerned regarding confidentiality markings. The reports will be disclosed in a routine manner moving forward.

178. The Secretariat continued to receive and respond to a high volume of requests for disclosure of information, following the update of the GCF website in March 2020. With respect to an appeal filed by civil society active observers, who requested on 29 May 2020 the disclosure of a list of information as at B.25 about anticipated B.26 and B.27 funding proposals in the pipeline, specifically the project title, AE(s), country(ies), contact details of contact person from the AE and GCF, and brief project description section of the funding proposal, of which

proposals may be submitted to the TAP, the ED rendered his final decision, as required under the IDP. The decision is available on the Information Appeals section of the GCF website.

179. The Secretariat is reviewing the IDP, including the disclosure of ESS reports in the light of the provisions of the Environmental and Social Policy on the matter, as well as the live webcast of formal meetings of the Board. The review focuses on policy implementation issues and proposed policy changes, taking into account new information access standards or policies developed and implemented by peer institutions and partners regarding the range of their activities. Internal and external stakeholder consultations were held during the last quarter of 2020, and additional consultations are scheduled for 2021. In accordance with the IDP, the Ethics and Audit Committee, with the support of the Secretariat, will present a report to the Board on issues relating to the implementation of the IDP along with any recommendations for changes to it. This subject matter is included in the workplan of the Board 2021.

180. In addition to the publication of information related to funding proposals and performance reports, throughout 2020 the Secretariat continued to make available information to stakeholders by publishing information about the Secretariat's organizational structure and organigram on its website.

2.4.6. Supporting the engagement of observer organizations with GCF

181. The Secretariat met with the civil society observers on the margins of B.27 (virtually) to discuss their questions and concerns. The Secretariat proposed a decision between meetings regarding the accreditation of observer organizations from civil society, the private sector, and international entities as part of the twenty-second round of accreditation.

2.4.7. Advancing the roll-out of innovative and responsive ICT solutions and services

182. The Secretariat finalized its Digital Agenda 2020–2023, which sets the direction of GCF for the next few years, focusing on four implementation goals: digital workplace, digitalizing business operations, data-driven GCF, and digitalizing collaboration and engagement.

183. Simultaneously, the Secretariat continued to deliver new digital solutions and enhancements to the existing ones. The Project Review and Tracking Platform was further enhanced with additional features such as the extension to accommodate Climate Impact Assessment Network members. In terms of capacity-building, ICT enabled the delivery of several online training via iLearn platform – ilearn.greenclimate.fund – available to anyone worldwide.

184. The DAP continues to evolve with the addition of released modules such as the Re-Accreditation and Monitoring and Accountability Framework (MAF). Among other DAP activities, webinars and workshops were planned and conducted, and MAF was released to 45 AEs for their reporting needs. An extended release of DAP – including advanced data intelligence and analytics capabilities – is expected to roll out in the next months. In line with the data-driven GCF implementation goal of the Data Strategy, the “Portfolio Performance Management System” for GCF activities was launched, digitalizing the submission process of APRs by the AEs and enhancing communication capabilities between GCF and AEs.

185. ICT operations continued to progress with and support seamless remote working modalities of GCF. This included the enlargement of digital workplace capabilities with self-service portal enhancements for the GCF workforce.

186. A more comprehensive review of the GCF ICT architecture and systems as at the end of the year is provided in annex V to this report.

2.4.8. Concluding arrangements for privileges and immunities

187. In line with the decisions taken at COP 25, the Secretariat has continued to support engagement between the COP President and the United Nations Secretary-General on the matter of a potential relationship between GCF and the United Nations in order to ensure that GCF is granted the necessary privileges and immunities. In particular, the Secretariat has been engaging with the United Nations Office of Legal Affairs (OLA) to understand: (i) the range of possible modalities to establish a potential linkage or relationship with the United Nations in order to ensure GCF and its personnel are covered by the necessary privileges and immunities; (ii) the implications of such modalities; and (iii) how such modalities could be operationalized.

188. To date the discussions have focused on the legal aspects of the following two modalities: (i) provision of privileges and immunities for GCF personnel (but not GCF) under Articles V and VII of the 1946 Convention on the Privileges and Immunities of the United Nations (the General Convention); and (ii) GCF becoming a specialized agency of the United Nations and benefiting from the 1947 Convention on the Privileges and Immunities of the Specialized Agencies (the Specialized Agencies Convention).

189. The Secretariat is still in the process of assessing the two modalities and their legal implications, as well as the extent to which their operationalization would be consistent with the Governing Instrument and the relevant decisions of the COP, based on the information provided by OLA. However, both modalities pose significant challenges. The first modality would, among other things, require GCF to substantially align its administrative guidelines on human resources with the United Nations staff regulations and rules, as well as having implications for the selection of the ED by the Board. Similarly, challenges may arise in trying to implement the second modality given the fact that the Governing Instrument was not adopted as an international treaty.

190. The Secretariat will provide further updates on this matter to the Board, the COP President and the United Nations Secretary-General as the discussions with OLA progress.

191. In parallel, the Secretariat has continued its pursuit of finalizing and signing bilateral privileges and immunities agreements with countries. The 2020 work programme set the target of concluding five additional privileges and immunities. Since the last report on the activities of the Secretariat, three new agreements on privileges and immunities have been concluded, reaching a total of 27 agreements signed (KPI 4.4). With four additional privileges and immunities agreements signed in total throughout 2020 (Bhutan, the Congo, Dominica and Niue), the annual target has almost been fulfilled. While overall GCF coverage under privileges and immunities remains small, progress over 2020 is still significant given the global context of lockdowns and governments operating with reduced capacity in terms of personnel and resources.

192. As at 31 December 2020, the Secretariat had sent draft agreements on the GCF privileges and immunities to 140 countries. As traditional modes of engagement have been suspended due to social distancing measures, the Secretariat has adopted a targeted approach. During 2020 the outreach on privileges and immunities has been focused on a selected group of countries. Under this new approach, countries included in this priority list have been contacted in average every two months. However, progress during the reporting period continues to be slow as governments have been focusing their resources on responding to the COVID-19 pandemic and response times have been slower. This is compounded by the lack of incentive for countries to conclude such agreements with GCF. Such negotiations tend to be complex and it is necessary to balance the national circumstances of countries with the interests of GCF.

193. In light of these constraints, it is not expected that significant progress on this matter will be made during 2021 on the basis of bilateral engagements. The Secretariat intends to ramp up its efforts in 2021, including by working closely with permanent missions in New York to direct efforts with capitals to accelerate delivery of additional agreements.

194. The risks of operating without privileges and immunities have been set out in both the Second and Third Biennial Reports on Privileges and Immunities of GCF (submitted to COP 23

(UNFCCC document FCCC/CP/2017/5) and COP 25 (UNFCCC document FCCC/CP/2019/3), respectively). As the size of the GCF portfolio grows, so too does the risk, arising from the lack of privileges and immunities. As noted in the above-mentioned second and third reports, these risks include: legal claims being brought in national courts against GCF as well as its personnel and Board members in connection with harm caused by projects; inability to travel to project locations to develop the pipeline, monitor implementation and conduct investigations; and direct or indirect expropriation of GCF projects.

195. Not only can these risks give rise to significant financial liabilities and affect the amount of resources available for programming, they can, if materialized, materially and adversely affect the reputation of GCF, thereby impacting on its ability to achieve its mandate. In addition, the lack of privileges and immunities as a political risk mitigant means that GCF often has to rely more heavily on legal risk mitigants to protect its interests.

196. As at 31 December 2020, the GCF portfolio under implementation spans 77 countries where it does not have privileges and immunities. This means that GCF is now disbursing USD 1 billion in countries where it does not have privileges and immunities coverage (worth USD 3.1 billion in total project value), with between USD 296 million and USD 392 million anticipated to be further disbursed in 2021 in countries where GCF does not have privileges and immunities. In addition, a further USD 251 million is being disbursed for multi-country projects which also include countries where GCF does not have privileges and immunities.

197. In the absence of any policy requirement for countries to grant privileges and immunities to GCF in order to access GCF resources, the risk associated with the lack of privileges and immunities is bound to increase as the portfolio grows.

2.5 Adopting adaptive management of portfolio implementation and strengthening GCF results management

2.5.1 Enhancing portfolio and results management

198. Right at the start of the COVID-19 pandemic, the Secretariat took measures to anticipate the potential impacts on both accelerating implementation and managing the portfolio under implementation. As such it revised downward the initial disbursement targets at the start of the year, anticipating significant impacts due to the pandemic, while ramping up engagement with AEs experiencing implementation, putting in place a range of adaptive portfolio management measures. These systems and mechanisms continued to be crucial during the fourth quarter.

199. As described in section 2.4.4, disbursement continued to accelerate throughout the year, with the 2020 targets being met. In addition, if the work programme envisaged engagement with 5 AEs in 2020 on portfolio implementation issues, the Secretariat engaged a total of 67 AEs over the course of the year (KPI 5.2.3). This resulted in a progress of 1,340 per cent against the original targets. Through this engagement the Secretariat has facilitated major and minor change requests on the portfolio in response to varying circumstantial issues and AE capacities in implementing the projects. In 2020, the Secretariat received 12 waiver, 22 extension and 8 restructuring requests.

200. These measures allowed the implementing partners to cope with changing project environment while maintaining the climate relevance of GCF investments to evolving contexts. The engagement with the AE, NDAs, and delivery partners have been undertaken on a regular basis to constantly monitor the status of projects and programmes under implementation. During the engagement, the Secretariat and its partners were able to identify project issues in advance where guidance and clarifications on the reported challenges could be provided before they materialize.

201. With a view to improving the portfolio management capacity of the Secretariat, preparatory work for a web-based PPMS continued during this quarter. The PPMS is envisioned

as a GCF centralized portfolio management system to increase the efficiency of its portfolio monitoring and evaluation functions for funded activities, Readiness and Preparatory Support Programme (Readiness), and PPF. The first version of the PPMS – Funded Activities was developed during this quarter for AEs to submit their reports such as APR(s) and Inception Reports to Secretariat. The system helps both the Secretariat and AEs to track and communicate the report review and clearance process for the APR 2020 submission and onwards. The portfolio dashboard features of the system also helps the Secretariat to track the implementation progress and risks of projects/programmes under its portfolio. The work included internal testing of the PPMS operational functionality for funded activities with other divisions such as the OPM, Office of Risk Management and Compliance (ORMC) and Division of Support Services as well as a user acceptance test with five AEs. The first version of the PPMS (PPMS V1) has been officially launched in January 2021 and introduced to stakeholders through dedicated webinars.

202. Additional modules for disbursement requests, reflows, and other related elements, including the management of Readiness and PPF, are planned for the PPMS in phases from 2021 and onward.

203. For the funded activity, having 75 projects were under implementation at the beginning of year 2020, the Secretariat reviewed all the 71 APRs received, exceeding the 2020 KPI review target of 65 APRs (KPI 5.2.1). Four projects were granted waivers because the project activities had not commenced. The detailed portfolio analysis stemming from the above reviews was reported in the APPR submitted at B.27.

2.5.2. **Reviewing results and improving consistency in results tracking**

204. A number of very significant steps were taken throughout 2020 to improve the GCF approach to results management and its confidence in the expected results of its portfolio.

205. First, work on improving the quality at entry for funding proposals has included increased efforts to ensure incoming funding proposals are compliant with the existing GCF results and performance frameworks and fully equipped to track results throughout project implementation. All 49 funding proposals submitted through the third stage of the Secretariat's internal review process under the Climate Investment Committee have been assessed in relation to their project monitoring and evaluation provisions. This ensured a clear articulation of the project and programme goals, causal logic, linkages, barriers and risks in the funding proposals' Theory of Change. In addition, AEs have been consistently guided to adhere to reporting requirements on indicators in project logical frameworks based on the existing RMF/PMFs and to use appropriate and relevant project result indicators. This has been aided by the inclusion of specific guidance on developing a theory of change and logical frameworks in the GCF Programming Manual, as well as through the systematic implementation of a peer review system, which helped to harmonize reviewers' comments while complying with existing and evolving review standards.

206. Second, given the reliance of GCF during the IRM on the result estimates from AEs, efforts in 2020 focused on steps to improve the consistency of GHG estimates and accordingly increase confidence in the portfolio's results potential. This included a re-examination of the existing portfolio against widely used GHG estimation methodologies as well as ex-ante validation of the methodologies used to estimate GHG emissions for all new funding proposals reviewed in 2020. Secretariat reviews indicate that previous estimates were often overly optimistic in terms of expected result estimates. This is due to incorrect application or no application of methodologies, incorrect assumptions, and model errors, among others. These results estimates are likely to decrease going forward as the Secretariat works with AEs to refine estimates based on clear methodological guidance. Corrections will continue to be applied to the GCF portfolio and advised to the Board through future portfolio reporting.

207. The consistent application of GHG emission reduction methodologies has been made a requirement as per the GCF Programming Manual and GHG emission reduction estimates are analysed to ensure that projects and programmes' results are credible and can support monitoring, implementation and evaluation efforts appropriately. In the year 2020, a total of 45 ex-ante GHG emissions reduction calculations were reviewed for 45 funding proposals, or 3 times higher than the set annual target of 15 (KPI 1.5.1). As a result, all funding proposals submitted to the Board throughout 2020 followed a consistent methodological approach for calculating emission reductions, strengthening the confidence of GCF in the anticipated results of projects approved in the first year of GCF-1.

208. A similar approach is being taken to develop a methodology for the calculation of mobilized private finance, to support a consistent calculation of mobilized private finance both for the existing portfolio and for incoming funding proposals.

209. In addition, the Secretariat continued developing risk rating models (per decision B.24/04), a component of the Risk Management Framework, and engaged Moody's analytics for this project. Moody's and Secretariat developed the advanced draft of the project success rating model (a model to estimate the likelihood of a project/programme achieving its climate impact). The work during the quarter comprised of finalizing the sections and subfactors in the rating model along with calibration of weights for each subfactor. The Secretariat presented to RMC the draft of developed model. The RMC provided guidance to continue improving the proposed subfactors. Since then, Moody's has revised the model and is finalizing the documentation for the model. The Secretariat will present the final models to RMC in February 2021.

2.5.3. Developing the integrated results management framework and addressing gaps in the portfolio for measurement

210. In parallel, the Secretariat continued to advance two key policies pertaining to results management by fine-tuning the "Integrated results management framework (IRMF)" and the paper on "Addressing gaps in the portfolio for measurement" with a view to having the documents submitted for the Board's consideration at B.28 (KPI 5.1).

211. The IRMF was opened at B.27 and the Secretariat is updating the document in light of comments received during the Board meeting, while also undertaking parallel consultations with Board members that have provided feedback. Following the outcomes of these consultation a revised paper will be presented to the Board at B.28, with additional technical sessions also planned prior to the meeting. In parallel, the Secretariat is also conducting a consultation process with entities accredited since October 2020 that did not have an opportunity to provide their feedback during the earlier consultations.

2.5.4. Evolving project risk management systems

212. The GFC's project risk management system is anchored in its Risk Management Framework (RMF) and Monitoring and Accountability Framework (MAF).⁴ In line with its second-level due diligence function,⁵ the GCF's approach defines three levels of responsibilities within three lines of defence for managing project risks:

- (a) NDAs & AEs provide a first level line of defence. A strong alignment of a project with national priorities, and notably the country NDC, mitigate the risks of implementation delays and non-compliance to GCF policies. In line with GCF legal instruments, AEs have primary responsibility to prevent and manage project risks and are accountable for implementing GCF policies. AEs' policies, procedures, capacities and track record in applying those systems are assessed against the GCF fiduciary standards, environmental

⁴ Board decisions B.11/10 and B.17/11.

⁵ Board decision B.07/03

and social safeguards and gender policy during a comprehensive GCF accreditation process.

- (b) GCF Secretariat discharges a second-level risk management function during both its technical support to, and review of funding proposals as well as during its portfolio monitoring for performance and compliance. As part of its efforts to strengthen its second level due diligence the Secretariat has strengthened the capacity of its Office of Risk Management and Compliance (ORMC), which is responsible for second level due diligence during the appraisal process; and increased its focus on project implementation, notably by codifying processes related to monitoring the GCF portfolio for performance and compliance and strengthening the capacity of its Office of Portfolio Management (OPM).
- (c) IIU and OIA: provide a third level of defense by focusing on the independent review, assurance and accountability of the actions and interactions between AEs and the Secretariat, as well as between second-level technical support and due diligence units within the Secretariat.

213. A more detailed outline of the project risk management systems of GCF and the three lines of defence is contained in annex III to this report.

2.6 Consolidating institutional capacities and taking initial steps to position GCF to be a global knowledge hub and policy influencer in climate finance

2.6.1. Enhancing staff capacity, fostering a culture of innovation and strengthening awareness of ethical standards

214. All throughout 2020 Secretariat activities focused on three key areas through the implementation of the People Plan: building its capacity; ensuring a respectful work environment and organizational culture; and strengthening internal grievance mechanisms.

215. **Building the Secretariat's capacity:** In terms of recruitment, the Secretariat has focused on better defining its employee value proposition, increasing outreach capacity to suitable candidates and streamlining the recruitment process.

216. The Secretariat operates as a small independent and centralized structure with limited long-term internal movement opportunities. However, GCF is the hub of the largest climate partnership in the world and its employee value proposition rests on its capacity to provide unique professional growth opportunities in transformative climate finance and to facilitate long-term career development within the industry.

217. This employee value proposition is aligned with those of small independent consultancy firms, investment funds or think tanks. However, it requires the Fund to be able to identify, recruit, onboard and nurture new talents quickly and efficiently in a competitive labour market. Our HR strategy assumes a turn-over of around 10% to 20% per year as GCF staff move to more senior roles within our industry or adjust to evolving personal circumstances (the staff turn-over rate was 15% in 2020).

218. In terms of recruitment, the average time to fill a vacant position dropped by 18 per cent from third to fourth quarter in 2020. By the end of December, 51 recruitments were ongoing, close to a hundred of interviews were conducted. The Secretariat was able to fill six more positions, including the position of Deputy Director, Mitigation Coordinator during the reporting period. With the 250 positions allocated to the Secretariat, 196 positions were filled by the end of 2020 and 15 letters of offer have been accepted with new staff members joining GCF in the first quarter of 2021.

219. The Secretariat also continues its efforts to achieve geographical diversity in its workforce and to ensure that women and men are equally represented at all levels (see table 5). Along with the development of the organizational design, 95% of the staff has today a standardized job description.

Table 5: Gender and geographical classification in the Secretariat as at end of 2020

Staff (total)	Gender		Geographical classification	
	Female	Male	Developing	Developed
IS (157)	63	94	110	47
	40%	60%	70%	30%
AS (39)	27	12	33	6
	69%	31%	85%	15%
All staff 196	90	106	143	53
	46%	54%	73%	27%

220. During the fourth quarter the main GCF recruitment challenge remained the willingness of candidates to expatriate during the global pandemic context. Unfortunately, we expect this situation to continue during the first three quarters of 2021. We are taking several steps in 2021 under our People Plan to continue to strengthen our employee value proposition and further streamline our recruitment process (see below).

221. Progress was also made on our onboarding programme. A detailed set of 30 modules, covering three main areas was defined: (i) Introduction to GCF; (ii) Functions of the Secretariat; and (iii) Climate Knowledge. The onboarding programme is leveraging digital technologies and enables staff to start their onboarding programme while waiting to be able to physically join us and to refresh their knowledge at their convenience. One pilot e-learning module on the project cycle and short multimedia products are being developed through a consultative process with staff. The Secretariat expects the full onboarding programme to be completed during the third quarter 2021.

222. To further nurture talents, GCF continued to invest in the personal development of its team (10 days of development leaves a year, dedicated personal development budget, etc.) to facilitate individual career progression, and is exploring lateral moves within the institution for staff to broaden their exposure, and partnership with academic institutions for lifelong learning. These learning opportunities are to be an integral part of annual Performance Management and Development Systems (PMDS) and will be budgeted accordingly.

223. In addition to the aspirations to move onto more senior positions, exit interviews also show that work-life balance is also a key driver of turn-over. Staff workload has increased significantly over the course of the year and will continue to do so given GCF's programming and implementation ambitions for GCF-1. In addition, working from a centralized location with a global network of stakeholders requires staff to regularly work late at night to be available across multiple time zones. This can exacerbate a variety of personal challenges experienced by our international workforce.

224. To ensure that these challenges inherent to GCF's organizational design do not permanently constrain the capacity of the Secretariat to build its capacity and manage effectively succession planning, a number of key initiatives are planned under the 2021 People Plan. The People Plan represents a transformation of how GCF currently think about and enact our people management, organizational design, and development practices, in order to ensure that the GCF has a talented, diverse, value-based workforce for GCF-1 and beyond. Priorities for 2021 include: i) further streamlining recruitment processes to more quickly fill capacity gaps as

they arise; ii) assessing the effectiveness of past individual professional development and growth efforts and strengthen them as required; (iii) reviewing of the competitiveness of our compensation and benefits offer; and (iv) updating the GCF Administrative Guidelines on Human Resources, which were partly inspired by HR policies from organizations two orders of magnitude larger than the GCF Secretariat.

225. As mandated in the USP, the Secretariat will also assess options for a partial regionalization of some functions. In addition to being a key component of the Secretariat strategy to (i) further promote direct access by locating some Secretariat expertise close to our DAE partners and (ii) pro-actively monitor portfolio for compliance and performance, it should reduce the need for regular work late at night and enrich our employee value proposition, enabling us to access a broader pool of talents. And as also instructed under the USP, the Secretariat is to prepare with the support of a consultancy firm a resource plan to ensure that it has the appropriate capacity to implement the USP. This resource plan should be available by the second quarter 2021.

226. The Secretariat also continues its efforts to achieve geographical diversity in its workforce and to ensure that women and men are equally represented at all levels (see table 5). Along with the development of the organizational design, 95% of the staff has today a standardized job description.

227. **Ensuring a respectful work environment and value-based organizational culture:** Strengthening GCF's culture was a priority throughout 2020, building on the set of GCF core values that were defined in late 2019: commitment to climate action, innovation, responsiveness, respect and trust. These are the values that the Secretariat seeks to epitomize and embed across its organizational structure, rules and processes. During the reporting period the Secretariat focused on the values of respect and trust, while steadily advancing the others. A plan for a safe and respectful workplace was announced to the staff in mid-September and a significant number of actions and initiatives were executed during the reporting period.

228. The Safe Spaces hosted by the Head of Human Resources and the Ethics Senior Adviser continued to provide a platform to hear staff concerns and questions about sensitive topics. A task force was created to review and operationalize the SMT Charter through the identification of KPIs, indicators and procedures to monitor its effective implementation and alignment with the GCF's core values. In addition, the first 360 assessment for 11 Senior Managers and 17 middle managers were completed in November and December 2021 respectively, providing them with the opportunity to reflect and receive feedback from direct and indirect reports, co-workers and supervisors in order to identify potential areas of development and coaching.

229. In December 2020, the Secretariat launched the annual engagement survey as a means to provide valuable insights to guide the update of the Peoples' Plan and divisional commitments to improve the engagement of our workforce. The survey was open to all GCF personnel and feedback was received through a series of questions in 11 clusters covering a wide range of areas (the role, the supervisor, the senior management team, culture and values, working conditions, people and teams etc.). The survey closed on 22 January 2021 with a participation rate of 84 per cent. The Secretariat is carrying out a detailed analysis by division, which includes analysing over 1300 qualitative comments received. The findings of the analysis will be presented in the next Report of the Secretariat

230. In addition, finalization of the online mandatory SEAH training, in collaboration with Human Resources, is also ongoing, with a first version envisaged by Q1 2021. Two virtual dedicated ethics trainings were delivered during the reporting period with significant staff participation (KPI 3.6).

231. **Effecting an internal grievance and dispute resolution system to address concerns:** A full review of the internal grievances mechanism and dispute resolution system took place, based on a number of interviews with all the relevant actors and a comparator analysis. As a result, a new Handbook for the Grievance Architecture was prepared and shared

with the staff for consultation. This review allowed for clarification of the type of grievances, the appropriate channels to resolve them, and the terms of reference of the different actors in the process. It also identified specific areas of improvement to increase transparency and efficiency in the resolution of disputes. The Ombudsperson has been actively engaging staff and divisions and two mediators were brought on board.

232. The Ethics Senior Adviser received 24 staff-initiated engagements where advisory services were rendered covering various forms of inter-personal disputes and general advice, with some staff seeking and receiving advice on more than one occasion during the reporting period. Follow-up regarding resolution of issues was also undertaken, with an indication that resolution had been reached in some cases, with others ongoing with the assistance of Human Resources and/or the Ombudsperson. The Secretariat will continue to closely monitor the number of staff-initiated engagement and successful resolution.

2.6.2. Advancing the sustainability efforts of GCF

233. The Secretariat GCF Sustainability Initiative (GSI) continued working on advancing internal sustainability efforts at GCF headquarters. During the reporting period, GSI collected all of the data necessary for a GCF baseline emissions inventory, which was verified by the Sustainable United Nations (SUN) Facility of the United Nations Environment Programme, and an analysis of the results are included in the Greening the Blue Report 2020. GSI also introduced internal measures at GCF to become more sustainable to other members of Greening the Blue at the Issue Management Group (IMG) 34 meeting. Moreover, GSI continued to work on institutionalizing the GCF Sustainability Strategy through environmental-related campaigns and events, including a number of social initiatives: the monthly Green Lunch Dialogues and themed swap weeks, and the establishment of a “buy nothing” forum for GCF personnel. A GCF sustainable living guide was also incorporated into the personnel onboarding process and will be made a regular part of welcome packages for newcomers.

234. In 2021, GSI is planning to continue work on its objectives, specifically: preparing a staff sustainability training module; developing a GCF offsetting scheme to achieve climate neutrality as per Board decision GCF/B.06/17 (annex II: Draft Travel Policy, section XIV: Carbon offset); implementing the GCF Sustainability Strategy; and adopting the GCF internal Environmental Management System.

2.6.3. Operationalizing the knowledge management system and initiating steps to position GCF as a global knowledge hub and policy influencer in climate finance

235. During 2020, the Secretariat initiated several knowledge management projects as initial steps to enable GCF to operate as a learning organization and continuously aims to enhance its climate impact. Both the Governing Instrument and the initial Strategic Plan set up the GCF as a continuously learning institution, highlighting the key role of knowledge management in supporting and enhancing the Fund’s day to day activities. Given GCF’s business model and reliance on accredited agencies for both pipeline development and implementation, knowledge management is key to ensure GCF can feed lessons learned from past experience into portfolio origination, development, appraisal and implementation efforts of the next programming cycle. This applies to regular FPs, SAPs and Readiness Programme. At the institutional level, effective knowledge management practices are also critical to support staff professional development and growth and enable the organization to continuously enhance its employee value proposition. In addition, knowledge management is a pre-condition to enable GCF to adequately fulfil its reporting obligations to the UNFCCC as well as other key stakeholders, including contributors and developing countries. Finally, knowledge management can enable GCF to act as a policy influencer in the climate finance landscape to scale up and deepen its programming impact.

236. The Secretariat prepared a 2020-2023 Knowledge Management Strategy and Action Plan, outlining a four-year vision and implementation plan for knowledge management at the Secretariat (KPI 6.3) in 2020. The strategy seeks to integrate KM across the work of all divisions, and foster teams of excellence (internal outcome) and climate investment leadership (external outcome). The Secretariat developed the GCF Knowledge Generation and Sharing Guidelines, which describes the quality assurance process for assessing knowledge products being developed by GCF staff. This document was circulated to all GCF staff during the fourth quarter of 2020.

237. The COVID-19 pandemic has demonstrated the necessity to accelerate the transition towards a digital workplace at the Secretariat. This presents opportunities for ICT systems to help support the achievement of knowledge management goals. Significant progress has been made in the development of a GCF taxonomy to catalogue and be able to instantaneously retrieve organisational knowledge. The first version of the GCF taxonomy was endorsed by the Senior Management Team in 2020.

238. The GCF Secretariat continues to Chair the Climate Change Working Group of the Scaling Up Communities of Practice. The working group aims to serve as a community of practitioners and analysts focused on knowledge-sharing, collaboration, and innovation in scaling up climate change interventions. The working group's meeting included presentations from Lord Nicholas Stern and the ED. In early December, the Secretariat hosted the second annual International Financial Institutions (IFI) Knowledge Management Community of Practice workshop. All 12 member organizations were present, including the African Development Bank, European Bank for Reconstruction and Development, Islamic Development Bank, and World Bank, and over 30 participants. Over the three days, participants focused on three key themes: knowledge management metrics; leveraging knowledge in times of COVID-19; and uptake incentives.

239. The Secretariat produced two knowledge products in 2020: (i) Synergies between Climate Finance Mechanisms, GCF-IDFC: A strategic alliance to realise the full potential of PDBs in financing the green and climate-resilient transition; and (ii) Tipping or turning point: Scaling up climate finance in the era of COVID-19. Plans in 2021 include the development of a working paper on innovation as well as a publication on scaling up finance in the COVID-19 context based on the "Tipping or turning point" working paper. This publication is scheduled to be launched at the P4G summit in Korea next May, in presence of the 8th United Nations Secretary General Ban Ki Moon.

2.6.4. Implementing the GCF communications and partnership strategy

240. During the reporting period, the GCF Secretariat continued its high-level outreach and engagement with key stakeholders to strengthen the industry positioning of GCF and highlight its achievements to date. A strong positioning is key to attract and nurture talents and forge strategic partnerships to multiply GCF's impact. Key outreach focused on engagement with GCF's partner countries and governments, international organisations, UN agencies, private sector entities, and GCF's host country. The overall focus of engagement was towards enhancing the understanding of GCF's role in supporting developing countries maintain climate ambition in the context of COVID-19. This included a diverse range of engagement modalities, as follows:

- (a) High-level engagement with Heads of States, Ministers and global leaders during the GCF Private Investment for Climate Conference (14–16 October 2020) with six thematic sessions, four side-events, 55 speakers, and over 2200 participants. It included the participation of H.E. Macky Sall, President of the Republic of Senegal, H.E. Siri Mulyani Indrawati, Minister of Finance of the Republic of Indonesia, H.E. Amina J. Mohammed, the Deputy Secretary-General of the United Nations, Ms. Christiana Figueres, the Founder of Global Optimism, and Prof. Joseph E. Stiglitz, Professor of the Columbia University and winner of the Nobel Memorial Prize in Economic Sciences, who reinforced the unique role of GCF in promoting climate-resilient development pathways in developing countries through innovation, fostering conducive investment

- environments and de-risking first-of-its-kind private investments through blended finance;
- (b) Several briefings were conducted for United Nations Permanent Missions in New York to enhance the visibility of GCF in promoting ambitious climate action. This included Antigua and Barbuda, Argentina, Bangladesh, Bhutan, Brazil, Canada, Chile, Italy, Portugal, Malawi and Sweden, among others. This also included a briefing to the European Group in November, following similar briefings to the African Group, the Least Developed Countries Group, the Alliance of Small Island Developing States, and the Group of Latin America and the Caribbean earlier in the year. A briefing was also provided to the Deputy Secretary General of the United Nations.
 - (c) In light of the importance of the role of GCF in promoting an ambitious and successful COP26, engagements were also conducted with the UK Minister for Business, Energy and Clean Growth and UK International Champion on Adaptation and Resilience for the COP26 Presidency, Ms. Anne-Marie Trevelyan. In addition, the Secretariat participated in the Green Horizon Summit organised by the City of London, the Green Finance Institute and the World Economic Forum to highlight the role of GCF in promoting climate resilient recovery in relation to the theme of the Summit which focused on mobilizing capital by converting momentum into action ahead of COP26 in the recovery from COVID-19.
 - (d) Strategic outreach to key leaders was further advanced. At the request of the Office of the President of Honduras, the ED and President Juan Orlando Hernández discussed the importance of GCF support and timely project disbursements from partners, on 26 November 2020. First disbursement for the GCF Funding Proposal to promote climate-resilient forest restoration and silviculture in Honduras took place 25 days after the meeting on time to be integrated into sustainable recovery efforts from cyclones Eta and Iota. The DED also met with the Foreign Minister of Ecuador and the Vice-Minister of Bilateral Affairs and International Cooperation of Costa Rica on 26 November in Seoul. ED participated in the Thimphu Ambition Summit hosted by the Chair of the LDC Group in the UNFCCC, under the Leadership of the Royal Government of Bhutan on 9 December. The event highlighted LDC leadership on climate action and the ED updated on GCF's progress in delivering climate finance.
 - (e) ED participation in the Global Environmental Action International Conference 2020 on 14 December hosted by Ministry of Foreign Affairs of Japan. The event encompassed high-level ministerial engagements with officials of MOFA, MOE and MOF. The meeting discussed concrete actions to implement the SDGs and the Paris Agreement, challenges in biodiversity conservation, and COVID-19 response and sustainable and resilient recovery and contributed towards the strategic positioning of GCF as a key partner on climate action in Japan;
 - (f) GCF's advanced relations with its host country, Republic of Korea (RoK), especially with Korea's net-zero-by-2050 announcement. GCF engaged in several key events, including with national legislators and Ministry of Foreign Affairs. GCF also contributed to an international conference organized by Seoul National University in October 2020 on "Green Innovation to Accelerate the Achievement of Global Goals"; the Incheon Future Policy Forum, the Global Korea Forum in December, and the 7th Seoul Climate Energy Conference in November 2020.
 - (g) To promote GCF engagement with the private sector and to explore areas of collaboration, briefings were conducted to key teams of the World Business Council for Sustainable Development and the World Economic Forum in December 2020.
241. To strengthen GCF's overall approach as a partnership organisation and based on a review of 2020 and a horizon scanning exercise assessing the current political landscape and key milestones for 2021, the GCF Secretariat is developing a Secretariat-wide partnership,

engagement and communication plan for 2021 anchored in the GCF's Updated Strategic Plan and the 2021 work programme.

242. The work of GCF was also welcomed by several United Nations Member States including several Groups of Friends (GoFs) focusing on climate-related issues in New York (e.g. GoF of Adaptation and Resilience chaired by Egypt and the United Kingdom; GoF of Climate Change chaired by France and Morocco; GoF of Financing for Development chaired by Canada and Jamaica; GoF of Sustainable Energy chaired by Denmark and Ethiopia). A joint meeting of the relevant GoF is currently being explored to update on the progress of GCF.

243. The Secretariat is also engaging with the not-for-profit organization Global Citizen to conduct advocacy and outreach activities. The partner will support the Secretariat through proactive and strategic advocacy and outreach efforts with key stakeholders including heads of states, global leaders from the private sector, investors, foundations, philanthropists and the media to highlight GCF's critical role and relevance in supporting developing countries in these unprecedented times.

244. Communications products were published in support of outreach activities cited above, including news reports and press releases, executive communications, project stories and case-studies (including multimedia materials), social media posts and updates to the GCF website.

2.6.5. **Mobilizing additional resources and provide further support to GCF-1 replenishment**

245. A key target under the work programme related to the first replenishment of GCF, focused on finalizing contribution agreements for least 90 per cent of the pledges made and continuing resource mobilization efforts aiming to reach at least the level of IRM pledges.

246. While the challenges of the COVID-19 pandemic impact on the world economy and fiscal stability remain, during the reporting period, the Secretariat accelerated efforts towards these KPIs throughout 2020. As a result, of 33 GCF-1 contributors, 31 countries have confirmed part or all of their pledges and signed contribution agreements. Austria, Belgium, Bulgaria, Denmark, Finland, France, Ireland, Liechtenstein, Malta, Netherlands, the Russian Federation, Slovakia, Switzerland and Brussels Capital Region have confirmed part or the full amount of their GCF-1 pledges. The total confirmed amount is approximately USD 9.52 billion equivalent, or 96 per cent of nominal pledges for GCF-1, which is well above the 90 per cent KPI target (KPI 6.6.3).

247. In addition, the Secretariat continued its efforts to engage with additional contributors, including the United States of America. Several contributors made additional pledges in 2020, which totalled approximately USD 192 million equivalent in nominal terms. During the reporting period, Malta pledged its new contribution of EUR 100,000, and Bulgaria also pledged its new contribution of EUR 51,129.18 to GCF-1. These new contributions increased the number of GCF-1 contributors to 33 and raised the total pledged amount for GCF-1 to over USD 10 billion in current foreign exchange rates, above the IRM. Over the course of 2020 the Secretariat consistently engaged with the US, which included engaging with the appropriations process and key actors within and outside government and Congress to build the visibility and credibility of the Fund. One significant progress and key outcome of the engagement with the appropriations process was the fact that the prohibitive language on GCF was removed from the Appropriations Bill by the Congress, which leaves flexibility for the new administration to re-program funds to GCF.

248. Going forward, the Secretariat will build on this engagement and accelerate efforts to mobilize resources from additional contributors throughout GCF-1, with a particular focus on securing additional pledges in 2021 in the lead-up to COP26.

249. Under the work programme, KPI 6.6 also included a priority around the development of a long-term resource mobilization plan and the submission of policies for contributions from alternative sources. These matters were temporarily put on hold, due to the challenges and

uncertainties in terms of mobilizing new sources in the context of COVID-19 and are in the workplans of both the Secretariat and Board for 2021.

2.6.6. **Overseeing delivery of audits**

250. The 2020 KPI targets for the Office of the Internal Auditor (OIA) included providing assurance on all key risk areas, developing an institutional risk framework for the Secretariat, and having at least 70 per cent of agreed management action plans implemented within the expected timeline. The status of these KPIs as at the end of 2020 was as follows:

- (a) OIA was not able to provide assurance coverage on all key risk areas in 2020, as it postponed its planned audits to focus on advisory engagements and other non-audit work to support the response of GCF to the impacts of COVID-19. OIA finalized two audits that had been conducted in 2019 and thereafter focused on assessing the design of controls and systems through reviewing various policies, guidelines and operational manuals (on operations, programming, procurement, finance and correspondence);
- (b) OIA drafted the institutional risk framework; this is being revised following challenges in obtaining cross-divisional consensus and is scheduled for completion in the first half of 2021;
- (c) As of 30 June 2020, 49 per cent of agreed management action plans had been implemented and an additional 29 per cent were in progress (the data as at 31 December 2020 will be available by March 2021 when the year-end follow-up exercise is completed); and
- (d) The Secretariat has added a corporate KPI for 2021 on the implementation of management action plans agreed following internal or external audits, evaluations or other reviews/assessments; this is also reflected as a unit-level KPI of each division or office. This change is expected to improve the timeliness of implementation.

251. During the reporting period, OIA conducted the following activities which are expected to be completed or finalized in the first quarter of 2021: (i) started a review of the implementation of special flexible working arrangements; (ii) performed a review of discretionary telecommuting; (iii) continued its work on finalizing the SMT Charter with relevant divisions and the Staff Council; (iv) performed a self-assessment of its work in 2019, in preparation for an independent quality review due in 2021; and (v) conducted an annual risk assessment and developed a draft workplan for 2021–2024, which has been submitted to the ED. OIA has also continued following up with relevant divisions to finalize the audit of portfolio monitoring that was conducted in 2019 and continued its discussions with relevant divisions on the institutional risk framework with an expected completion date by the end of June 2021.

252. OIA also provided provisional support to the OPM during the year, reviewing Readiness reports and AE self-assessments to help the office address the dramatic surge in workload required for managing both the growing portfolio under implementation as well as implementation challenges due to COVID-19.

2.6.7. **Advancing the GCF response to COVID-19**

253. During the reporting period, the Secretariat continued to strengthen the measures taken to ensure a safe environment for personnel and maintain business continuity during the COVID-19 pandemic. This response was enacted according to the three strands of the response of GCF based upon: (i) a new working environment within G-Tower; (ii) a new way of working through digitalization; and (iii) a new way to ensure business continuity.

254. **A new working environment:** the Secretariat has enacted a flexible COVID-19 response matrix that largely mirrors the national social distancing system introduced by the Government of the Republic of Korea. This allows for all personnel to work in the office at lower

risk levels, or all personnel except those fulfilling essential functions to work remotely when the risk is higher. This approach provides the Secretariat with the flexibility needed to quickly respond to changes in the COVID-19 situation in the country to ensure the safety of personnel and business continuity. As case numbers in the country spiked in December, the office moved to discretionary telecommuting, to allow business continuity and provide enhanced protection for personnel.

255. **A new way of working:** The implementation of the Digital Agenda is covered in more detail in annex V to this report, and actions have been accelerated in response to the pandemic to create a digital workplace and promote digital collaboration and engagement, including through enhanced support for online meetings (including Board meetings where necessary), webinars, and conferences.

256. **A new way to ensure business continuity:** The Secretariat's Crisis Management Committee met regularly throughout the reporting period to maintain a heightened level of preparedness. Work continued to update business continuity and emergency management plans in order to ensure that the Secretariat can respond to further threats, whilst a lessons learned study was undertaken to feed into this process. In addition to efforts to update business continuity and emergency management plans, the Secretariat is considering more structural institutional resilience options.

Annex I: 2020 KPI tracker as at 31 December 2020

1. The table below shows progress to date against the Board-approved key performance indicators (KPIs) under the 2020 work programme. In May the Secretariat estimated whether COVID-19 would have a low, moderate or severe impact upon individual KPIs. The COVID-19 impact column reflects this early estimate of the pandemic's effect upon GCF operations.

2. As described throughout the main body of the report, a number of remedial measures were taken to take account of this anticipated impact. In many cases KPIs have been achieved or exceeded in spite of those challenges.

KPI	Description	2020 work programme Target (USD millions)	Progress (Year to date)	Progress % (Year to date)	Initial COVID-19 Impact estimate
1	Strengthening country-driven planning and the partnership with national designated authorities to originate and deliver high-quality, innovative, scalable investments				
1.1	Number of countries supported through Readiness to support the goal of strengthening country-driven planning and programming (Aggregate for Readiness)			150%	Moderate
1.1a	Number of countries supported through Readiness to support the goal of strengthening country-driven planning and programming	35	78	223%	Moderate
1.1.1	No. of non-NAP Readiness requests approved	50	72	144%	Severe
1.1.2	Volume of non-NAP Readiness requests approved	45	42.74	95%	Severe
1.1.3	Volume of the first disbursement for non-NAP	11	24.08	219%	Severe
1.1.5	No. of NAP Readiness requests approved	18	16	89%	Moderate
1.1.6	Volume of NAP Readiness requests approved	40	35.48	89%	Moderate
1.1.7	Volume of the first disbursement- NAP	7.6	14.62	192%	Moderate
1.2	Enhanced complementarity and coherence with other climate finance delivery channels			207%	Moderate
1.2.1	Number of funding proposals or CNs embedding complementarity and coherence strategies	10	32	320%	Low

KPI	Description	2020 work programme Target (USD millions)	Progress (Year to date)	Progress % (Year to date)	Initial COVID-19 Impact estimate
1.2.2	Number of countries engaged in complementarity and coherence as part of their programming, including through Readiness and other preparatory resources during 2020	5	11	220%	Low
1.2.3	Establish platform for climate finance and investment with partners	1	0.8	80%	Low
1.3	Review and feedback on CNs and funding proposals			46%	Moderate
1.3.1	CNs endorsed by CIC for funding proposal development	70	37	53%	Moderate
1.3.2	Number of funding proposals endorsed by CIC for interdivisional review	95	38	40%	Moderate
1.4	Number and volume of funding proposals submitted for Board approval			134%	Low
1.4.1	Number of funding proposals submitted for Board approval (40-49)	40	37	93%	Low
1.4.2	Total USD GCF resources funding proposals submitted for Board approval (USD 1.18-1.48B) in USD million	1,180	2060.3	175%	Low
1.5	Improved quality of CNs, funding proposals, SAPs, Readiness grants, NAPs, AMAs, FAAs			150%	Moderate
1.5.1	Projects and programmes where ex-ante GHG results verifications have been undertaken	15	45	300%	Low
1.5.2	At least 10 sector guidance documents developed and disseminated	100%	22%	22%	Low
1.6	Enhanced gender mainstreaming			100%	Low
1.6.1	Percentage of all funding proposals approved in 2020 contain gender action plans and gender disaggregated data	100%	100%	100%	Low
1.6.2	Percentage of all funding proposals approved in 2020 contain gender assessments	100%	100%	100%	Low
2	Galvanizing GCF programmatic engagement with accredited entities				
2.1	Number of AMAs signed	87	85	98%	Moderate
2.2	Number project/programme ideas/concepts supporting direct access through Readiness/PPF	25	32	128%	Moderate

KPI	Description	2020 work programme Target (USD millions)	Progress (Year to date)	Progress % (Year to date)	Initial COVID-19 Impact estimate
2.3	Major dialogues/conferences with countries and AEs (Major events: 2020 Global Private Investment Conference, Global Programming Conference; Number of structured programming dialogues)	12	4	33%	Severe
2.3.1	Structured programming dialogues (10-12)	10	3	30%	Severe
2.3.2	Global Programming Conference	1	0	0%	Severe
2.3.3	2020 Global Private Investment Conference	1	1	100%	Severe
2.4	Strengthened accreditation partnerships and processes			100%	Moderate
2.4.1	Development of an accreditation strategy	1	1	100%	Low
2.4.2	Enhanced representation of DAEs: 66 DAEs accredited or 60% of the total AE portfolio	60%	60%	100%	Low
2.4.3	Launching the re-accreditation process for the accredited entities with AMAs made effective in 2016, pending Board consideration of the re-accreditation process one year in advance	1	1	100%	Severe
2.5	Strengthen entity work planning: establish at least 2 pilot multi-annual entity work programmes	2	9	500%	Low
3	Filling key gaps in GCF policy and governance frameworks				
3.1	Accountability and reporting to the COP			63%	Moderate
3.1.1	Response to COP guidance to GCF incorporated into Secretariat operations after COP 25 and ahead of B.26 and ninth GCF report to the COP submitted on time to UNFCCC Secretariat	1	0.5	50%	Moderate
3.1.2	Enhanced collaboration with the UNFCCC Secretariat and constituted bodies in activities to advance COP guidance to GCF, such as on activities related to NAPs	1	0.75	75%	Moderate
3.2	Support for informed Board decision-making and closing policy gaps			45%	Severe

KPI	Description	2020 work programme Target (USD millions)	Progress (Year to date)	Progress % (Year to date)	Initial COVID-19 Impact estimate
3.2.1	100% of Board meeting documents ready for publication in accordance with Board procedure	100%	25%	25%	Severe
3.2.2	100% of policy matters in the workplan of the Board prepared and presented according to workplan schedule to facilitate higher adoption rate (*adjusted internally to reflect papers prepared and presented by the Secretariat to the Co-Chairs or committees for consideration)	100%	65%	65%	Severe
3.3	Review of the risk management framework components I-VII and the initial financial risk management framework			53%	Moderate
3.3.1	Complete internal review of the risk management framework components I-VII and submit to RMC for consideration	1	0.05	5%	Moderate
3.3.2	Complete internal review of initial financial risk management framework and submit to RMC for consideration	1	1	100%	Low
3.4	Develop and present legal risk policy for Board consideration; target revised to: Preparation of document for SMT and RMC consideration; implementation of internal document subject to SMT and RMC approval			100%	Moderate
3.4.1	Preparation of policy and presentation to Board for consideration	1	1	100%	Moderate
3.4.2	Implementation of policy subject to Board approval	1		100%	Moderate
3.5	Supporting delivery of the GCF strategic and policy agenda			90%	Moderate
3.5.1	Finalization of a Strategic Plan for 2020-2023	1	1	100%	Severe
3.5.2	Finalization of Policy Manual	1	0.8	80%	Low
3.5.3	All policies submitted to the Board for B.26 and B.27 developed in line with the GCF Policy Manual (* revised internally to reflect papers finalized by the Secretariat and submitted to the Co-Chairs or committees for further deliberation for B.26 and B.27)	18	16	89%	Low

KPI	Description	2020 work programme Target (USD millions)	Progress (Year to date)	Progress % (Year to date)	Initial COVID-19 Impact estimate
3.6	Strengthen awareness of ethical standards: 6 ethics-related trainings and workshops.	6	4	67%	Low
4	Reducing engagement costs and time to funding by improving efficiency, effectiveness and transparency of GCF processes and speed of delivery				
4.1	Review and feedback on CNs and funding proposals			69%	Moderate
4.1.1	75% of CNs reviewed within 30-day target (from submission to first feedback)	75%	51%	68%	Moderate
4.1.2	75% of funding proposals reviewed within 75-day target (from start of interdivisional review to TAP submission)	75%	61%	81%	Low
4.1.3	70% of SAP CNs receive Secretariat's feedback within the target (21 days)	70%	40%	57%	Moderate
4.2	Accelerate FAA signings: cumulative 107 FAAs signed (especially focusing on signing FAAs that were unsigned at end of 2019)	107	132	123%	Moderate
4.3	Projected aggregate disbursements (1.499-1.805B)	1,499	1,497	99.8%	Moderate
4.4	Privileges and immunities: 5 additional agreements to be signed	5	4	80%	Moderate
4.5	Strengthen and standardize procurement systems to ensure value for money and transparency			93%	Moderate
4.5.1	Procurement Requests are acknowledged, and procurement actions are initiated within 10 working days from receipt by Head of Procurement	100%	80%	80%	Moderate
4.5.2	100% of requested data made available within 7 days	100%	100%	100%	Moderate
4.5.3	100% of data is usable by those it is intended to serve	100%	100%	100%	Moderate
4.6	Ensure transparency to non-classified information through real-time information systems	78%	84%	108%	Moderate
4.6.1	80% of non-classified authoritative information made available to external parties	80%	85%	106%	Moderate
4.6.2	75% of data sets are kept current by the business owners according to targets by class	75%	75%	109%	Moderate

KPI	Description	2020 work programme Target (USD millions)	Progress (Year to date)	Progress % (Year to date)	Initial COVID-19 Impact estimate
4.7	Externally audited financial statements for 2019: financial statements audited for the year 2019, with unqualified audit opinion	1	1	100%	Moderate
4.8	Templates and SOPs developed for Secretariat operations committees	4	3	75%	Low
5	Adopting adaptive management of portfolio implementation and strengthening GCF results management				
5.1	Integrated results management framework (RMF) developed			80%	Moderate
5.1.1	An integrated and 'fit-for-purpose' RMF submitted to B.25 (and operationalized, subject to Board approval)	1	0.9	90%	Moderate
5.1.2	MRV/M&E systems finalized and guidance on MRV/M&E systems developed for use by AEs	1	0.7	70%	Moderate
5.2	Implementation reports reviewed and 2020 APPR published			443%	Low
5.2.1	At least 65 APRs reviewed	65	71	109%	Low
5.2.2	90 Readiness reports reviewed	90	202	224%	Moderate
5.2.3	Follow-up engagement on portfolio implementation issues held with each of the five entities to which GCF is most exposed with respect to funded activities and the Readiness Programme [this KPI has been internally revised upward in response to COVID-19]	5	67	1,340%	Low
5.2.4	APPR 2020 presented to B.27	1	1	100%	Low
6	Consolidating institutional capacities and taking initial steps to position GCF to be a global knowledge hub and policy influencer in climate finance				
6.1	Enhanced staff engagement and increased capacity			94%	Moderate
6.1.1	95% staff with standardized job descriptions completed, updated and used to ensure efficiency of operations	95%	95%	100%	Moderate
6.1.2	95% average fill ratio (total available positions/actual headcount)	95%	78%	82%	Moderate
6.1.3	Maximum 10–20% turnover of critical staff positions	20%	15%	100%	Moderate

KPI	Description	2020 work programme Target (USD millions)	Progress (Year to date)	Progress % (Year to date)	Initial COVID-19 Impact estimate
6.2	Fostering a culture of innovation and respect: Regular assessment of implementation of SMT statement of commitment	1	0.7	70%	Low
6.3	Operationalization of the knowledge management system internally and externally			90%	Moderate
6.3.1	KM action plan initiated and GCF KM system launched	1	100%	100%	Low
6.3.2	Online knowledge hub launched featuring co-generated knowledge products developed with partners	1	0.8	80%	Moderate
6.4	Implement communications strategy	1	0.93	93%	Moderate
6.4.1	Adopt new branding guidelines	1	0.70	70%	Low
6.4.2	15% increase in followers on social media	15%	127%	847%	Low
6.4.3	10% increase in website page views and sessions	10%	12.5%	125%	Low
6.5	Develop partnership strategy and commence implementation			113%	Moderate
6.5.1	Partnership strategy endorsed and implementation plan prepared	1	0.6	60%	Low
6.5.2	Support GCF global and regional outreach and engagements with representation at least 10 regional and global events (including at least two side-events on the margins of these event organized by GCF)	10	23	230%	Severe
6.6	Mobilize additional resources and provide further support to GCF-1 replenishment			60%	Moderate
6.6.1	Long-term resource mobilization plan for GCF developed and endorsed	1	0	0%	Moderate
6.6.2	Submission of policies for contributions from alternative sources to Board	1	0	0%	Moderate
6.6.3	Finalize contribution agreements/arrangements for least 90% of the pledges made	90%	96%	107%	Moderate
6.6.4	Throughout the GCF-1 period, continue resource mobilization efforts aiming to reach at least the level of IRM pledges	100%	148%	148%	Severe

Annex II: List of memorandums of understanding in effect as at 31 December 2020

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 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 (Under discussion to extend the term of the MoU)
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 GCF	3 August 2018	3 years (possible extension for 5 years)	Binding	Staff exchange

			through the exchange of personnel				
6	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 GCF, agree to cooperate around a Secondment Programme from SIDA to GCF for staff at middle and senior levels
7	General cooperation	World Meteorological Organization (WMO)	Framework MOU between WMO and GCF	10 December 2018	5 years	Binding	<p>Subject to applicable internal rules and procedures of each party, and any necessary clearance required thereunder:</p> <p>(a) Strengthening integrated global/regional/national operational hydrological and meteorological systems and associated climate information services;</p> <p>(b) Providing GCF accredited entities with information and technical support upon their request; and</p> <p>(c) Aligning and leveraging GCF-funded hydrological and meteorological investments</p>

8	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	<p>(a) Sharing knowledge for climate finance and action;</p> <p>(b) Integration of climate consideration within financial institutions;</p> <p>(c) Facilitation of access to GCF resources with co-financing from IDFC members and support for capacity-building activities; and</p> <p>(d) Outreach and awareness-raising</p>
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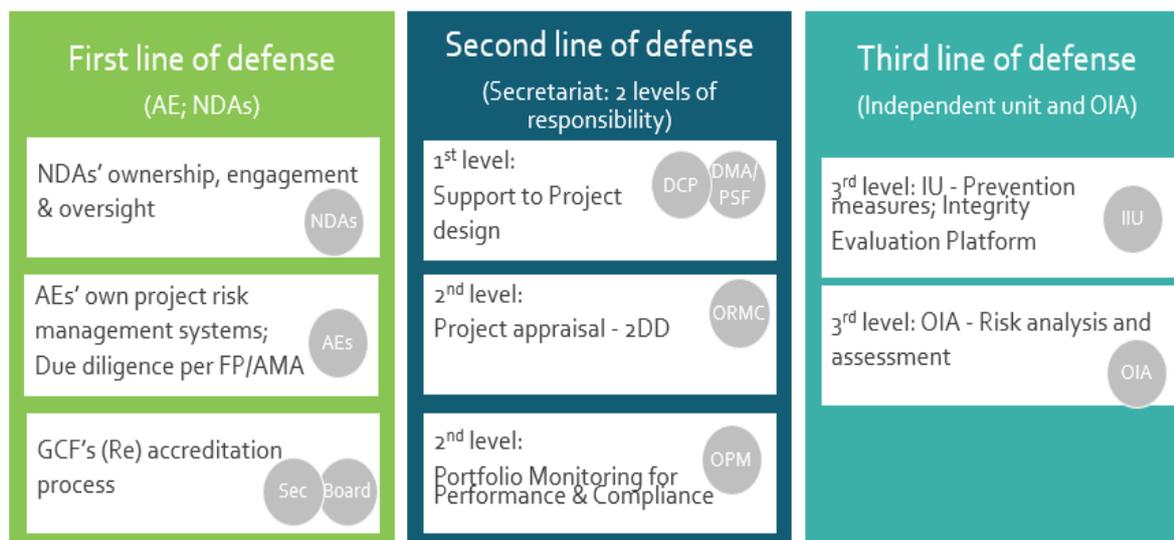
Abbreviations: MOU = memorandum of understanding; N/A = not applicable.

Annex III: Project risk management systems

I. Overview of GCF's project risk management systems

1. The GCF's project risk management system is anchored in its Risk Management Framework (RMF) and Monitoring and Accountability Framework (MAF). The RMF sets the risk appetite of GCF and promotes transparency and accountability. It comprises a series of policies and guidelines, including the risk guidelines for funding proposals, the investment risk policy, the compliance risk policy, and a risk register and risk dashboard. The MAF establishes mechanisms for monitoring the compliance of accredited entities (AEs) with GCF accreditation-related policies and standards, and implementation of their GCF-funded projects and programmes.
2. In line with its second-level due diligence function, the GCF also follows an established project cycle approach over 10 stages from project origination to closure, which is set out in its Programming Manual. The Programming Manual outlines roles and responsibilities of key stakeholders throughout the entire cycle of the project approval process and provides guidance on preparing funding proposals that meet all GCF investment criteria. As part of these efforts, the Secretariat has strengthened the capacity of its Office of Risk Management and Compliance (ORMC), which is responsible for second level due diligence during the appraisal process; and increased its focus on project implementation, notably by codifying processes related to monitoring the GCF portfolio for performance and compliance and strengthening the capacity of its Office of Portfolio Management (OPM).
3. The RMF, MAF and complementary GCF policies define three levels of responsibilities within three lines of defense for managing project risks (Figure 1).

Figure 1: Overview of the GCF project risk management system



4. **National designated authorities (NDAs) and AEs** provide a first level line of defense. A strong alignment of a project with national priorities, and notably the country NDC, mitigate the risks of implementation delays and non-compliance to GCF policies. NDAs confirm this strategic alignment through the issuance of a letter of non-objection to the project as a pre-condition for its approval. In line with GCF legal instruments, AEs have primary responsibility to prevent and manage project risks. AEs are responsible for project origination, development, implementation and oversight, as well as accountable for implementing GCF policies and for

ensuring implementation of these policies by its executing entities. AEs' policies, procedures, capacities and track record in applying those systems are assessed against the GCF fiduciary standards, environmental and social safeguards and gender policy during a comprehensive GCF accreditation process.

5. **The Secretariat** discharges a second-level risk management function during both its technical support to, and review of funding proposals as well as during project implementation. Within this second line of defense, DMA and PSF provide second-level technical support to AEs for proposal development, ORMC provides a second-level due diligence review, including in terms of risk and compliance, and OPM performs a second level portfolio monitoring for performance and compliance. In Line with GCF's RMF, OMRC's project appraisal function is firewalled from the project design support function of DMA and PSF. OMRC reports to the ED while DMA and PSF report to the DED.

6. **The Independent Integrity Unit (IIU) and Office of Internal Audit (OIA):** provide a third level of defense by focusing on the independent review, assurance and accountability of the actions and interactions between AEs and the Secretariat, as well as between second-level technical support and due diligence units within the Secretariat. IIU has direct access to project data collected through the Secretariat's integrated project management systems and takes a preventative and proactive approach to addressing project risks. Since 2019, OIA has undertaken audits of the funding proposal review process & portfolio monitoring and will undertake an audit of the GCF's risk management system in 2021.

7. More detail on the role of GCF across these three levels is provided below.

II. Upstream risk assessment: the GCF accreditation process

8. Accredited Entities (AEs) are accredited to GCF for a 5-year period and are re-assessed against GCF accreditation standards every 5 years if they seek to continue as a GCF AE. As part of the GCF accreditation process, an independent Accreditation Panel assesses the organization's institutional capacities against:

- (a) Basic fiduciary standards on key administrative and financial capacities (financial management and accounting systems; audit systems; control frameworks and procurement) and transparency and accountability (disclosure of conflicts of interest; code of ethics; capacity to prevent or deal with financial mismanagement and other forms of malpractice, prohibited practices, money laundering and financing of terrorism).
- (b) Project management: project preparation and appraisal from concept to full funding proposal; project oversight and control; monitoring and evaluation; and project-at-risk systems and related project risk management capabilities.
- (c) Grant award and/or funding allocation mechanisms: grant award procedures; transparent allocation of financial resources; public access to information on beneficiaries and results; and good standing with regard to multilateral funding.
- (d) On-lending and/or blending for loans, equity and/or guarantees appropriate registration/licensing for such activities; creditworthiness; due diligence and investment management policies, processes and procedures; financial resource management; public access to information on beneficiaries and results; financial risk management (including asset liability management).

9. The independent Accreditation Panel also assesses the organization's institutional capacities against environmental and social safeguards and its structure, capacities and competencies to implement the Gender Policy. Based on the underlying financial, environmental and social, and gender systems in place at the institutional level of the AE, AEs can then submit funding proposals to GCF within the scope of their accreditation.

III. Upstream risk assessment: the GCF funding proposal review process

10. The Secretariat undertakes an in-depth review of funding proposals, including an independent appraisal conducted by the Office of Risk Management and Compliance (ORMC), which includes assessment across a number of risk areas (Table 1).

Table 1: Independent appraisal: risk assessment

Risk guidelines: subtype	Key points to be considered
<p>Guidelines for assessing the risk of a project/programme failing to deliver its target impact</p>	<ul style="list-style-type: none"> • A clear description of the project/clear parameters for making delegated funding decisions (for programmes) • Policy and regulatory support from the country • Project(s)-specific execution risks, such as construction, operations, key supplies, the legal and regulatory environment • Adequacy of the capabilities of the accredited entity (AE) and executing entity (EE) to deliver the project, as well as the experience of the AE in working with the proposed EE, in the country, in executing similar projects. Assessment by the AE of the EE in terms of its capacity to implement the project, and its experience.
<p>Risk guidelines for setting funding terms and conditions</p>	<p>A description of the terms on which the AE is proposing GCF financing for the project/programme. These terms should be based on the first-level due diligence performed by the AE before submitting the funding proposal to GCF and can include clauses pertaining to disbursement-related conditions, covenants, rights of GCF vis-à-vis co-financiers, and technical and financial criteria to be applied by the AE while selecting the recipients of GCF resources (mainly required for programmes). A description of the seniority/subordination of GCF vis-à-vis other co-financiers; for loans, an explanation of who is the borrower and whose credit risk GCF is requested to assume; for equity, a description of the exit opportunity for GCF; and for guarantees, what is the proposed guarantee cover, how does GCF guarantee help to the beneficiaries, etc.</p> <p>The details of pricing and AE fees may be finalized later; however, the AE can specify the proposed concessional pricing requested to make the project(s) viable.</p> <p>Are the funding terms clear and in line with GCF policies?</p> <p>Are the possible negative financial consequences and liabilities elaborated in the funding proposal?</p>
<p>Guidelines for assessing alignment with GCF portfolio- level risk limits</p>	<p>Will approval of this proposal breach GCF portfolio-level risk appetite metrics?</p>
<p>Guidelines for assessing compliance with GCF policies and legal requirements</p>	<p>Does the proposal ensure that the zero tolerance of GCF for prohibited practices and such risks are adequately prevented and mitigated?</p>

11. The GCF has a zero tolerance for money-laundering, financing of terrorism, and prohibited practices. Proposals are checked to ensure that the AEs and delivery partners are

applying specific Board policies on anti-money-laundering and countering the financing of terrorism (AML/CFT), and prohibited practices at the field project level.

12. The Secretariat is taking a number of steps to strengthen its funding review process, notably by:

- (a) Updating the RMF under the supervision of the Board Risk Management Committee
- (b) In consultation with IIU, developing SOPs to address AML/CFT risks for EAC approval
- (c) Developing an Appraisal Manual, including tools such as Project Success Rating model which is an ex-ante estimation of how likely it is a project will achieve the intended climate impact.
- (d) Updating the ESS framework.

IV. Downstream risk assessment: project implementation

13. Portfolio implementation, monitoring and management is anchored in the Governing Instrument for the GCF, the GCF fiduciary principles and standards, the legal agreements with accredited entities and the GCF MAF. In line with these policies and frameworks, the Secretariat takes a risk-based monitoring approach, which uses an early warning system to provide information and flag risks related to performance and compliance. The Secretariat uses a number of monitoring tools to provide information on performance and compliance, including annual AE self-assessment; midterm review of AE compliance performance; APRs; financial reports; rate of disbursement; additional reporting against FAA/AMA conditions; and interim evaluation reports (Table 2).

Table 2: Monitoring Performance and Compliance: Tools and Coverage

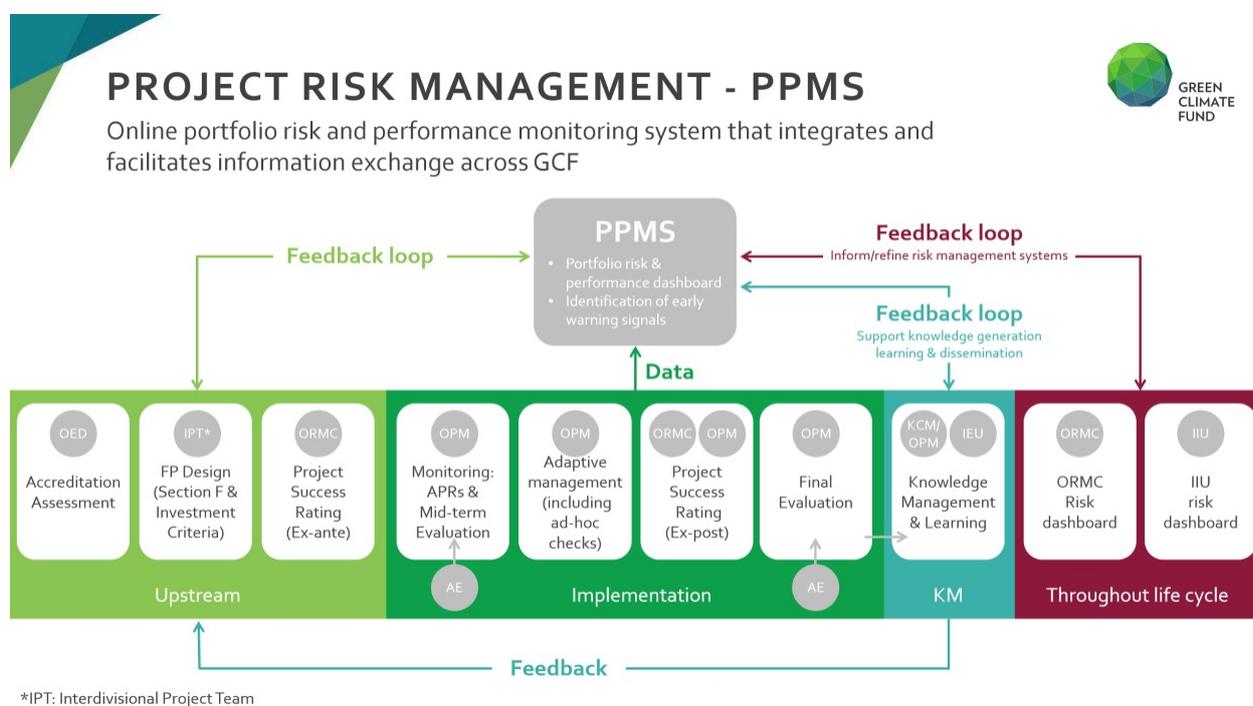
AREA	COVERAGE	MONITORING TOOLS/ MODALITY
Key administrative and financial capacities	<ul style="list-style-type: none"> • General management and administrative capacities • Financial management and accounting • Internal and external audit • Control frameworks • Procurement 	<ul style="list-style-type: none"> • Annual AE self-assessment • Annual AE audited financial statements • Ad hoc additional reporting
Transparency and accountability	<ul style="list-style-type: none"> • Disclosure of conflicts of interest • Code of ethics • Capacity to prevent or deal with financial mismanagement and other forms of malpractice • Investigations • Anti-money-laundering and countering the financing of terrorism 	<ul style="list-style-type: none"> • Annual AE self-assessment • Midterm review of AE compliance performance • Annual performance reports • Ad hoc mid-cycle reporting • Annual AE self-reporting and specific action plans agreed with GCF to address identified risks • Interim evaluation reports
Project management for performance and compliance	<ul style="list-style-type: none"> • Project oversight and control • Monitoring and evaluation based on performance indicators and compliance standards 	<ul style="list-style-type: none"> • Annual performance reports • Ad hoc mid-cycle reporting • Interim evaluation reports

14. The Secretariat also actively monitors project risk during the implementation phase through its Portfolio Performance Management System (PPMS) (Figure 2). The PPMS is designed to (i) efficiently manage project operations and climate results; and (ii) identify portfolio risks and early warning signals. The identification of risks and early warning signals

also helps the Secretariat facilitate timely execution of corrective actions and assess individual project implementation performance more objectively and systemically, thereby improving the overall portfolio health.

15. Over time, the PPMS will integrate and facilitate information exchanges across the GCF, where upstream activities, such as accreditation and funding proposal reviews will inform the PPMS, and where PPMS data on portfolio risk and performance will feed back into the next accreditation, funding proposal, and project success rating, creating a feedback loop. Similarly, during the project implementation period, AEs will raise performance or operational risks through APRs, mid-term/final evaluation reports, and any other relevant reports as well as active communications with GCF using the PPMS. The PPMS will also support knowledge capture, generation, learning, and dissemination.

Figure 2: Overview of the GCF Portfolio Performance Management System



16. Annual progress reports from accredited entities help the Secretariat assess risk along the following six parameters (Figure 3)

Figure 3: Annual progress reports: six parameters for assessing risk



17. Options to further resource OPM are being explored to enable the team to keep pace with a rapidly increasing portfolio under implementation; continue to support adaptive management measures to mitigate the impact of Covid-19 on GCF portfolio performance; systemically follow-up on red flags; and complete the implementation of recommendations

from the 2019 audit of GCF portfolio monitoring processes to streamline, standardize and automate practices.

V. GCF Independent Integrity Unit (IIU) – integrity risk assessment and mitigation

18. The IIU takes a proactive approach in managing integrity risks across GCF operations by developing and implementing robust preventive measures that include:

- (a) Conducting integrity risk assessments and subsequently proactive in-depth reviews of projects/programmes to assess a project’s vulnerability to integrity violations and to detect and mitigate red flags and risks at an early stage;
- (b) Providing guidance advisories to Secretariat and AEs regarding the implementation of GCF integrity policies on matters related to financial mismanagement, prohibited practices, reporting mechanisms and conflicts of interest;
- (c) Providing technical support to AEs to enhance their capacity in addressing integrity issues in the implementation of GCF-funded projects and establishing cooperation arrangements to facilitate joint activities and effective communication;
- (d) On a need-to-know basis, informing and consulting the Secretariat, in a timely manner, about existing or potential risks identified in relation to investigations; and
- (e) Encouraging and safeguarding whistle-blowing as an early warning mechanism to enable mitigation measures prior to escalation of integrity violations and consequential damages to GCF.

Figure 4: IIU Integrity evaluation platform



Annex IV: Summary of feedback received during first sectoral guide consultation period, 9 November 2020 – 31 January 2021

1. Tables 1 to 2 contains a summary of general feedback received on the *Cities, Buildings and Urban Systems* and *Agriculture and Food Security* sectoral guides between 9 November 2020 and 31 January 2021. The guides and the full list of comments received from stakeholders are available on the *HypeInnovation*¹ platform under their respective sections.
2. Feedback received on the *Cities, Buildings and Urban Systems* sectoral guide fell within these topics: (i) inclusivity; (ii) paradigm shifting pathways; (iii) buildings; (iv) energy efficiency measures; (v) finance; (vi) transport; (vii) urban regeneration; (viii) waste; (ix) implementation; (x) risk management; and (xi) role of GCF.
3. Feedback received on the *Agriculture and Food Security* sectoral guide fell within these topics: (i) general feedback; (ii) adaptation and mitigation efforts and targets; (iii) capacity-building; (iv) conservation; (v) finance; (vi) implementation barriers; (vii) inclusivity; (viii) land rights; (ix) nutrition; (x) paradigm shifting pathways; (xi) resilient agriculture; (xii) risk management; and (xiii) the role of GCF.

Table 1: Summary of feedback received on the *Cities, Buildings and Urban Systems* sectoral guide

Topic	Feedback received	Stakeholders
General Feedback	<ul style="list-style-type: none"> • Presents a convincing argument on the importance of the urban sector in both mitigation and adaptation • What is the overall function of the Sectoral Guides and what is the function of the Programming Manual? Where do they overlap? • It would be helpful to sperate mitigation and adaptation in certain sections • References to nature based solutions are missing, along with urban risks to floods, sea-level rise and development linked to fresh water and urban mobility • Interlinkages between urban sectors, especially to transport, could be better addressed • Strategy for how the urban sector will meet objectives laid out in B.27 of the Updated Strategic Plan 2020–2023 • Empower cities with more granular, detailed and regularly updated data flows. This provides better evidence for decision-making and better services for citizens. 	Board and Alternate Board members Technical experts NDAs AEs PSOs CSOs
Inclusivity	<ul style="list-style-type: none"> • Informal neighbourhoods are not mentioned • Objectives of transit-oriented development could also mention the importance of linking informal and formal residential/industrial areas • Needs to be ‘people-oriented’ • Needs to recognize the diversity of Cities e.g. size, maturity, economy, infrastructure. There is no single approach • Include some sections on developing countries relevant to GCF portfolio. • Empowering citizens is essential for any policy successes • Needs greater acknowledgement of women. • Include and acknowledge human rights to adequate housing, water, sanitation and food 	Board and Alternate Board members Technical experts NDAs CSOs

¹ To access the files registration is required through the following link: <https://consult.greenclimate.fund>

Topic	Feedback received	Stakeholders
Paradigm Shifting Pathways	<ul style="list-style-type: none"> • Include informal settlements, their needs and rights • The four paradigm shifting pathways cover more topics relevant to climate change in urban areas • Linkages between the four paradigm shifting pathways, to a large extent, are missing and need to be elaborated • Paradigm shifting pathways are welcome and precise • COVID-19 could also be referred to as a barrier for achieving paradigm shifting pathways • The strong focus on partnerships is welcome and an important driver for paradigm shifting pathways • The paradigm shifting pathways could be segmented by subdivisions to capture more and be specific for country projects and programmes • Paradigm shifting pathway 1 and 2 should have the same level of detail as 3 and 4 • Private sector will not understand “paradigm shifting” very well. Consider defining it “systemic change” • Three out of four paradigm shifting pathways are mitigation focused. Adaptation is also necessary and needs to be elaborated as the document comes across as mitigation focused 	<p>Board and Alternate Board members Technical experts NDAs PSOs CSOs</p>
Buildings	<ul style="list-style-type: none"> • Large parts of the guide address the need to rehabilitate buildings. However, many buildings in Cities remain to be built, especially in developing countries • Sourcing local and sustainable materials for construction in the context of SDG 11 are not present enough 	<p>Board and Alternate Board members</p>
Energy Efficiency Measures	<ul style="list-style-type: none"> • Focus is strong on buildings. Missing is the emphasis on efficient cooling and heating systems and public lighting? • Under estimates the role of the cooling sector will play on energy demand, especially in developing countries 	<p>Board and Alternate Board members</p>
Finance	<ul style="list-style-type: none"> • Many developing countries do not have the authority to borrow or are too risky. Typically, cannot issue bonds for public finance. These fundamental issues need to be worked out in order for GCF to penetrate the city level • Remittances and informal financing mechanisms are common in many cities. There should include a reference about this in the document • Finance can be a replacement as well as an addition and it would help to know how much funding is a redirection of existing versus new sources • Focus should be on how international funds trigger local resources • Consider the financial systems of cities and their readiness to accept international funds and its impacts on transparency • Country ownership and links to NDC’s is compelling. It shows the need for creating NDC financing plans • Blended finance section is welcome • A big problem is that municipal master plans are traditionally development with the support of specific consultants, often financially supported outside municipal budgets. Neither municipal managers nor society take ownership of these plans. 	<p>Board and Alternate Board members Technical experts PSOs NDAs CSOs</p>
Transport	<ul style="list-style-type: none"> • Document seems to focus on transport of people. However, the transport of goods is also responsible for emissions. • The presence of urban parks is relevant as it makes people 	<p>Board and Alternate Board members</p>

Topic	Feedback received	Stakeholders
	prioritize walking or cycling over short distances opposed to driving	NDAs
Urban Regeneration	<ul style="list-style-type: none"> References to the promotion of urban regeneration as a way to promote densification versus new developments are missing 	Technical experts
Waste	<ul style="list-style-type: none"> Consider material and material flows rather than a general and systemic challenge to economic processes and industrial production Waste to energy should be the least preferred option after landfill and incineration. It should only be employed for difficult waste streams that should be avoided in the future. Fostering incentives for waste to energy investments may send the wrong message 	Board and Alternate Board members Technical experts
Implementation	<ul style="list-style-type: none"> Positive co-benefits are not given and require a high level of expertise and effort to design and implement Should provide incentives to move away from “business as usual” There is no step-by-step guide to doing something or getting to a desired end. This guide only presents information on research what is being done or what finance is available Document should provide guidance on the standards it expects More elaboration on how funding proposals should aim to bring in more private finance and how they aim to make projects sustainable and what indicators and standards to use 	Board and Alternate Board members Technical experts
Risk Management	<ul style="list-style-type: none"> No mention of COVID-19 as a factor and acknowledging its impact on development and related resource allocation Should provide relevant environmental and social risks 	Technical experts
The Role of GCF	<ul style="list-style-type: none"> The sectoral guide should reflect on how GCF would support blended finance approaches The section of the value added from GCF should be expanded Cooperation and coordination between GCF and other funds is missing Does not further define why GCF focus and added value in financing landscape in the urban sector would or could be. GCF is expected to build expertise and financing structure that complement existing ones A section that elaborates on the complementarity of GCF in the urban sector with existing initiatives is needed Sectoral guides need to provide real guidance to sectoral operations of GCF It is important that projects GCF consider in the urban sector are more holistic e.g. Projects seeking GCF funding, as a guarantor to attract private investment, should also have components relating to the GCF investment criteria 	Board and Alternate Board members

Abbreviations: AE = accredited entity; NDA = national designated authority; PSO = private sector observer; CSO = civil society observer.

Table 2: Summary of feedback received on the *Agriculture and Food Security* sectoral guide

Topic	Feedback received	Stakeholders
<p>General feedback</p>	<ul style="list-style-type: none"> • Through investigation undertaken to develop the guidelines and make them consistent with the investment criteria • Concerns on the biases and assumptions that are not in line with human rights, sustainable development goals and best practice • Lack of recognition that many farmers are already practising climate-resilient, agroecological approaches • The document does not mention “agroecology”, which should be included to the list as a sustainable agricultural practice • A guide should offer a step-by-step way of doing something. This paper presents information from research of what is being done in the agriculture sector • The framing of women and youth as “workforce” is problematic by focusing on productivity and profits • The term “climate-smart agriculture” has been strongly criticized by Board. Which definition should be used? • No definition about what “climate-smart” is • Land tenure should be included in the executive summary • There are no global solutions to agriculture. They must be analysed in the context of each country • There is no mention on how the guide intends to support and recognize traditional knowledge and contributions by indigenous peoples 	<p>Board and Alternate Board members NDAs Secretariat CSOs AEs</p>
<p>Adaptation and mitigation targets and efforts</p>	<ul style="list-style-type: none"> • Intensifying agriculture production is one thing. But to adapt and mitigate we should also note that 1/3 of agricultural production is lost or wasted • In the statement: “Globally, countries with the most emissions are mainly those with high livestock production.” We suggest specifying that we are discussing emissions from agriculture. Nations with high emissions are industrialized where the share from agriculture is relatively small • In addition to livestock, rice paddy production and mineral fertilizer use are also large contributors to carbon emissions. There are opportunities for reduction there • Improved water management can also support soil health and improve carbon storage in soils that support mitigation goals • It is essential that the document emphasizes that there are multiple possible pathways to emissions reductions. Many nations are already taking action to reduce emissions from livestock production while increasing productivity and production • It would be useful to mention the concerns about deforestation and associated carbon releases when discussing opening up new lands to agriculture 	<p>Board and Alternate Board members NDAs AEs Technical experts CSOs</p>

Topic	Feedback received	Stakeholders
	<ul style="list-style-type: none"> • It may be useful to discuss the momentum for investment in green recovery post-COVID-19 • Does not promote agroecology as a key agricultural solution to climate resilience 	
Capacity-building	<ul style="list-style-type: none"> • When discussing the emergence of sustainable food systems it is crucial to discuss the importance of training farmers, agricultural advisers and production organizations 	Board and Alternate Board members
Conservation	<ul style="list-style-type: none"> • The restoration of degraded or destroyed and conservation of existing ecosystems to restore ecosystem services should be included • Conservation should not only be limited to technologies • On the statement: “Forest protection at the agriculture frontier” should also promote deforestation free agriculture 	AEs Technical experts
Finance	<ul style="list-style-type: none"> • Government subsidies are not addressed. Achieving transformational government planning or investments will be challenging • Clearer guidance on grant concessionality could be provided • There is no analysis of existing international financing architecture • GCF agriculture programmes rely primarily on grants. How this can be shifted would be useful in the document • Long-term capital references should be elaborated on. Food system change will require longer-term loans and/or equity • Incentives are mentioned but should be elaborated • What kind of financial viability are we talking about in the climate-resilient projects? Commercial viability or economic viability? • This document focuses too much on commercial viability without reference to unequal power relations and mechanisms to protect rights in relation to big data and digitization • Focused on private sector, market approaches and the promotion of corporate interests as goals 	Board and Alternate Board members AEs Government representatives CSOs
Implementation barriers	<ul style="list-style-type: none"> • There is transformative potential of agroecology to overcome a lack of integrated agricultural development planning capacities should not be missed • Barriers mainly focus on a lack of finance. More often it is issues such as a lack of capacity-building or access structures that are an issue. This should be elaborated • Access to information, attitudes towards risk, education, entrepreneurial skill, age can also play roles in farmers decisions not to make desirable climate-resilient decisions • Rather than focusing on generating finance for farmers to invest in improved input supplies, an emphasis on education and the dissemination of knowledge through farmer field 	Board and Alternate Board members Government ministries Technical experts AEs CSOs

Topic	Feedback received	Stakeholders
	<p>schools and farmer-to-farmer extension services should be made</p> <ul style="list-style-type: none"> • More examples of “engaging the private sector” would be useful • Knowledge is also needed in the private sector by switching to a longer-term approach to guide farmers and incentivize sustainable practices • Private sector is rightly identified as central. Guidance on a ‘market-oriented approach’ and an analysis of private sector barriers could be elaborated • In addition the lack of finance, a lack of awareness of low-emissions agricultural practices and their benefits is another important barrier • Many barriers focused on a lack of finance and investments. Considering adding a lack of policy coherence and cross-sectoral coordination 	
Inclusivity	<ul style="list-style-type: none"> • Does improved crop varieties, seeds and breeds take into the local sociocultural and ecological context? • The importance of grant investments should not be discounted, especially in the most marginal and isolated farming communities that are typically the most climate vulnerable groups • Attention needed on the digital disparity of female farmers and smallholder farmers • The poorest are often the groups that go into the forests to access agricultural land. How can GCF and partners assist these people with sustainable incomes for them not to move again? • Reorient the guide to centre human rights, local food security and food sovereignty • Some of the language such as technologies and high potential business models may be out of touch with reality in the context of subsistence farmers and the like • The inclusion of women, youth and indigenous groups is welcomed • Does not take into account or acknowledge existing multiplicity of actors, institutions and funding streams already playing a role 	<p>Board and Alternate Board members AEs Technical experts CSOs</p>
Land rights	<ul style="list-style-type: none"> • Secure land tenure right are key to resilient agriculture, especially secure land tenure for women. This should be added • Insecure land tenure is a major factor in reducing investments in sustainable management 	<p>Technical experts AEs</p>
Nutrition	<ul style="list-style-type: none"> • Nutritious food should also include culturally appropriate • Fortified foods are one thing, but the main approach must be promoting healthy, diverse and sustainable diets. 	<p>Board and Alternate Board members Technical experts</p>

Topic	Feedback received	Stakeholders
Paradigm shifting pathways	<ul style="list-style-type: none"> • Elaboration is needed on perverse incentives, policies, marketing, pricing and health campaigns • More examples of synergistic and transformational approaches would be useful as guidance • The key role that women, youth and other marginalized groups play in promoting resilient agriculture is well referenced in other sections, but missing in some pathways that frames them as vulnerable, but not as agents of change • It is not clear how the pathways will address some issues like how incentives can be provided to support broader societal goals • Some pathways do not specify what adaptation practices or incentives to climate-resilient agriculture are supposed to look like • The pathways could also benefit from considering agroecology • It would be useful to articulate how the pathways are considered as mutually exclusive, complementary or synergistic • The document should recognize that “plain vanilla” projects can be a good way forward in the coming years 	<p>Board and Alternate Board members Government representatives Technical experts AEs</p>
Resilient agriculture	<ul style="list-style-type: none"> • We need a broader understanding of resilience as a principle of sustainable development and should avoid replacing the concept of sustainability with resilience • Making agriculture resilient also should include increasing income and savings. Addressing these basic deficiencies would yield tremendous results 	<p>AEs Technical experts</p>
Risk management	<ul style="list-style-type: none"> • It is important to consider flood-prone agricultural systems in land-use planning. Furthermore, in water-scarce regions incentivizing water management and assessing trade-offs on water use and water allocation for people and nature • It may be worth elaborating on regional trade between countries, as it plays important roles in food security and resilient food systems • Growth in the agriculture sector can also result in an increase in soil erosion and sedimentation • Ensure that adaptation interventions acknowledge that they should not be detrimental to soil health and ecosystems support • There are two different climate change impacts that should be considered: slow onset events and extreme weather events • The GCF Sectoral Guides should provide examples of relevant social and environmental risks and the ways to mitigate those risks 	<p>Board and Alternate Board members AEs Technical experts Secretariat</p>
Role of GCF	<ul style="list-style-type: none"> • Many areas mentioned are in the area between climate change and development. How is GCF assessing its financial 	<p>Board and Alternate Board members</p>

Topic	Feedback received	Stakeholders
	<p>contributions to these activities?</p> <ul style="list-style-type: none"> • What would some of these examples look like in practice. Would GCF, for example, fund national ad campaign efforts to promote low-emissions food? • The discussion on transformational planning is narrow. We encourage GCF to broaden this discussion to take advantage of development programming that also promotes climate-resilient agriculture • GCF should think about options for more explicit focus on thinking about or planning for sustainability beyond the GCF project • There is no analysis of existing international financing architecture. How would GCF fit and be complementary to organizations such as the International Fund for Agricultural Development (IFAD) and World Bank and which financing gaps would GCF address? • GCF needs to prioritize creating opportunities for horizontal knowledge-sharing rather than top-down dissemination 	<p>AEs Government representatives Technical experts CSOs</p>

Abbreviations: AE = accredited entity; NDA = national designated authority; PSO = Private Sector Observer; CSO = Civil Society Observer.

Annex V: Update on implementation of GCF's Digital Agenda

Summary:

This annex to the Report on the activities of the Secretariat provides further details on the implementation of the GCF's Digital Agenda. It highlights the objectives of the Digital Agenda, the results to date, and future priorities as GCF continues its transition to become a fully digital organisation.

I. Introduction

1. In order to deliver on the GCF-1 ambitions, the Secretariat has prioritized becoming a fully digital organization. It has developed the GCF Digital Agenda: 2020 – 2023, which has four objectives:
 - Increase operational efficiency to improve speed of delivery
 - Enhance transparency and accountability
 - Improve GCF's capacity to actively identify and manage risks
 - Reduce workload and create a safe, innovative and flexible workplace
2. In order to achieve these objectives, the Digital Agenda has four pillars: (i) digital workplace, (ii) digitalising business operations, (iii) data-driven GCF, and (iv) digitalising collaboration and engagement. A visual overview is provided at the end of this annex
3. The COVID-19 pandemic accelerated the Secretariat's implementation of the Digital Agenda. In 2020, the Secretariat prioritized pillars 1 (digital workplace to create a new way of working), 2 (digitalising business operations to ensure business continuity), and 4 (enhancing digital collaboration). Progress under pillar 2 has laid the foundation for advancements in pillar 3 (data driven GCF) in 2021 to further leverage technologies including artificial intelligence and machine learning, and data analytics to further enhance productivity and risk management.
4. This annex outlines the main initiatives being undertaken as part of the Digital Agenda, including updates that have been made to respond to the specific challenges that have emerged in relation to COVID-19. It concludes with an overview of the priorities for further roll-out of the Digital Agenda during the GCF-1 period.

A. Digital Workplace

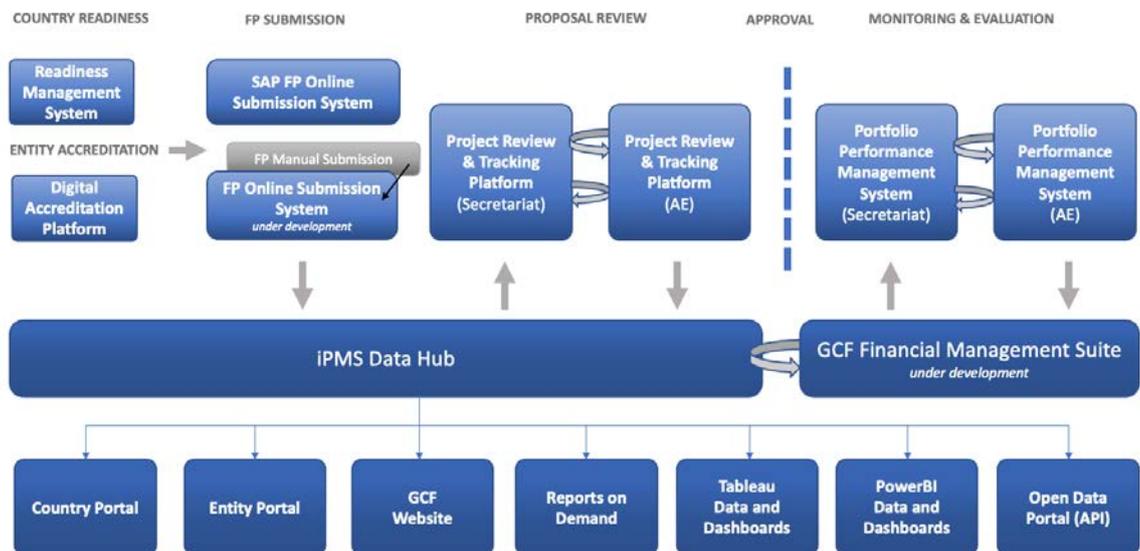
5. Results under this pillar of the Digital Agenda enabled the GCF workforce to operate in a fully digital environment, which was critical to business continuity during Covid-19. Notably, the use of digital office spaces, cloud services and applications were enhanced. The Secretariat also increased virtual access to information systems and its support services to enable seamless remote working.
6. Hands-on training sessions and regular updates were provided to GCF personnel about digital workplace tools and their various functions. This enabled a broad and rapid uptake by staff of Teams, Zoom, and SharePoint communication and collaboration platforms, and key productivity tools (i.e., OneDrive, Outlook).

7. Moving quickly towards a digital workplace, the Secretariat was able to extend its support during the pandemic largely because of the Covid-19 contingency budget agreed to by the Board at B.25

B. Digitalising Business Operations

8. This pillar of the Digital Agenda digitalises business operations relating to the Readiness Programme and the project cycle for full sized projects. In line with its Operations Manual, which has streamlined and codified these business processes, GCF has prioritized digital platforms to enhance its project review and risk-based monitoring approach. These platforms (i) reduce internal processing times, (ii) simplify application procedures for partners by using online platforms rather than email exchanges, and (iii) improve transparency.
9. Business processes across finance and human resources s was also automated, eliminating manual and repetitive tasks, improving efficiency in processing requests, and enhancing the reporting and analytics capabilities of the GCF.
10. An overview of the architecture of these business systems is set out within figure 1, with highlights of the new systems launched in 2020 and their functionality described below.

Figure 1: Overview of digital platforms used for GCF project management



Fluxx

11. The cloud-based grant management software Fluxx has been used to manage GCF's Readiness programme since 2018. Fluxx is an off the shelf software system that has been tailored to suit the needs of GCF's NDAs. In 2020, Fluxx was extended with the Readiness Report and Disbursement module. Readiness proposals are submitted using Fluxx through GCF's country portals. The use of Fluxx has greatly enhanced the transparency of GCF processes by making it possible to check Readiness submissions, approvals, implementation and closure.
12. While only the Secretariat and NDAs can access Fluxx, the system automatically generates emails to all stakeholders - including Readiness delivery partners - during the implementation of readiness projects. This has resulted in considerable reductions of GCF's Readiness processing time. GCF's adoption of Fluxx also accounts for differing internet access capacity among GCF partners by allowing for the simple attachment of Word documents by NDAs requesting Readiness support.

Digital Accreditation Platform (DAP)

13. The Digital Accreditation Platform (DAP) has been designed as a one-stop shop for AEs to address all stages in the lifecycle related to accreditation. Streamlining and automating of all accreditation processes is expected to bring efficiency gains of up to 30 percent, in addition to significant improvements in user experiences and reporting.
14. The DAP covers the following processes and is expected to be fully functional by March 2021:
 - Pre-Accreditation - handles account requests and fee payment processes for applicants (90% completed);
 - Accreditation - includes all stages in the accreditation process from the Preliminary Checks, Stage I Review, Stage II Review, until accreditation approval (90% completed);
 - Accredited Entities management post Accreditation - this includes multiple processes such as
 - conditions of accreditation from submission of information by AEs and the review process by the Accreditation Panel (90% completed);
 - AE-level monitoring and reporting - Monitoring and Accountability Framework (completed); and
 - Re-Accreditation (completed).
15. A series of webinars have provided detailed information to AEs about the purpose and uses of DAP. An extended release of DAP, including advanced data intelligence and analytics capabilities, is expected to roll out in the next months.

Project Review & Tracking Platform (PRTP)

16. The Project Review & Tracking Platform (PRTP) is designed to provide unprecedented transparency for AE submissions of GCF funding proposals. Opened to GCF's interdivisional review teams and to a select number of AEs in 2020, it is now used for all funding proposals that have reached the interdivisional review stage. This platform has

replaced the former process which required numerous email exchanges within the Secretariat and with AEs. Previously about 116 GCF staff members from different divisions needed to exchange their review of funding proposals via email. Now, all comments are incorporated into one platform allowing for real-time responses. By automating communication between GCF and AEs, the PRTP has significantly reduced workload and the possibility of delays or errors caused by missed emailed reviews.

17. The PRTP was launched in late 2020 and has already processed 6,000 comments from GCF funding proposal reviewers and 3,000 AE review responses. All of this was achieved without the need for sending separate emails. The PRTP serves as a prime example of how GCF's Digital Agenda supports key organisational goals of increasing efficiency to increase speed of delivery of GCF resources.
18. The PRTP has also increased transparency and accountability. Now that the data is no longer kept in email inboxes but on the new platform, the review process is visible to AEs (Entity Portal) and NDAs (Country Portal). The PRTP also provides an overview of comments by funding proposal reviewers and the outcome of the reviews.
19. Finally, the PRTP has increased efficiency and productivity. By streamlining exchanges with AEs and NDAs, Secretariat staff can now focus their time on reviewing and supporting AEs and NDAs improve the quality of project proposals.

Portfolio Performance Management System (PPMS)

20. The Portfolio Performance Management System (PPMS) provides a comprehensive online platform for overseeing implementation of GCF's portfolio and strengthening its project risk management capacity. The PPMS allows the Secretariat to track individual project implementation performance objectively and systemically and identify project risks through early warning signals.
21. Various kinds of functionalities are being rolled out in phases, starting with the online submission of Annual Performance Reports (APRs). The PPMS was launched in time to cover the submission of 2020 APRs by AEs, which are due by 1 March 2021. Webinars and supporting materials have been provided to guide AEs through this new process. The functionality of the PPMS will then be expanded to include the monitoring of project disbursements, as well as results reporting and risk management.
22. PPMS is expected to lead to efficiency gains of more than 30 percent within the Secretariat's project management activities. It also brings benefits in terms of greater transparency, data integrity, and knowledge generation and analysis.
23. During 2021, the GCF Secretariat plans to extend the use of PPMS beyond AEs to GCF Readiness and Project Preparation Facility implementation. This extension of the PPMS is a key plank in the Digital Agenda's focus on interconnectivity. This recognises that a system-wide approach to GCF operations will bring the best gains in efficiency and transparency.

GCF Financial Management System

24. GCF's evolving business needs has led to a demand for a comprehensive financial management suite. The initiative is intended to be implemented in two phases. Phase 1 (current) is the assessment phase and the outcome of this phase will be a comprehensive analysis of the ICT solutions with respect to the financial functions and processes.

C. Data-Driven GCF

25. Data management is essential to efficient and transparent portfolio management and Secretariat operations. GCF's Digital Agenda aims to build a reliable data infrastructure and leverage technologies, including artificial intelligence¹ and machine learning². It will also include robust data analytics to enable early warnings and support decision making.
26. Notably, this pillar of the Digital Agenda underpins the work of the Secretariat's Results and Data Management team within OPM and its Portfolio Data Management strategy, particularly with respect to:
- a. Results verification and validation to ensure that results are credible: A Results Verification (ReV) tool was developed which allows the tracking of expected mitigation results *vis-à-vis* those that are actually achieved which AEs report in the APRs.
 - b. Risk data management framework to ensure that the Fund has a holistic view of risk: The Secretariat is working on developing an integrated risk data management framework which will provide a view of various types of risk including integrity risk, implementation risks and project specific risks.
 - c. Knowledge management to deliver learnings from implementation and disseminate it in a relevant and appropriate manner: an NDA/DP survey was launched which will allow for the production of relevant and specific knowledge products.
 - d. Elements of two of the three components of the Open Data Library (ODL) which supports the further automation of reporting and analytics, have been developed. Once completed, the ODL will enable self-service of data and information about the GCF portfolio, thereby greatly reducing manual interactions.
27. The Secretariat managed over 200 data analytics requests from various stakeholders, both internal and external and produced over 70 dashboard including post-approval review dashboards and SMT dashboards
28. The Secretariat is also leveraging technologies to improve efficiencies across other areas of its work. We are in the process of automating drafting and negotiation of legal agreements such as Funded Activity Agreements (FAAs), using cloud-based off-the shelf applications with Artificial Intelligence powered capabilities. We have also leveraged artificial intelligence to provide simultaneous translation during outreach events.

¹ Artificial intelligence applies advanced analysis and logic-based techniques, including machine learning, to interpret events, support and automate decisions, and take actions. –Gartner

² Advanced machine learning algorithms are composed of many technologies (such as deep learning, neural networks and natural language processing), used in unsupervised and supervised learning, that operate guided by lessons from existing information. – Gartner

D. Digitalizing Collaboration & Engagement

29. The final element of the Digital Agenda enhances collaboration and engagement. Activities under this pillar improve the ability of GCF partners to use digital channels to facilitate their interactions with GCF. As the portfolio increases, the need to digitalise such interactions will increase.
30. Activities undertaken under this heading were accelerated in 2020 in response to the COVID-19 pandemic. ICT support for video conferencing was doubled during the year, with specific support added to monitor and moderate video calls, webinars and other online GCF meetings and events. New video conferencing and webinar solutions were procured to meet the needs of GCF partners and Board.
31. This enhanced capacity enabled two Board meetings (B.26 and B.27) to take place successfully in a completely virtual format during 2020. It also enabled the consultation process to take place for the USP. In 2021, GCF will build and extend on the user experience of collaboration among the Board members and between the Secretariat and Board. This will be one of the steps to further expand available systems and tools on the Board Portal.
32. During the first weeks of 2021, GCF streamlined internal onboarding processes for the Board members, advisers, and alternates, gaining further agility required in the context of virtual space. The usage of the document review system has seen major uptake for the B.28 consultations.
33. GCF also utilised its new capacities in large-scale video conferencing to host a number of GCF-led events which attracted large numbers of participants from across the world. Such virtual events enabled outreach activities to continue notwithstanding the travel restrictions imposed because of the COVID-19 pandemic, and enabled GCF to enhance the visibility of its activities amongst its stakeholders.
34. Another initiative under this section was the launch in early 2020 of the GCF iLearn Online Training Platform. Accessible to all stakeholders around the world, this platform provides online training courses about GCF developed by the Secretariat and Independent Units in multiple languages. Current courses cover Simplified Approval Process (SAP) applications and grievance redress mechanisms, and further modules are under development.

III. Forthcoming priorities during GCF-1

35. The Secretariat will continue implementation of its Digital Agenda in 2021 and throughout the GCF-1 period. The following list provides some highlights of planned digital agenda priorities.

Digital Workplace

- Extend the use of mobile technologies in GCF business activities with application interfaces that work equally well on mobiles and desktops to increase speed and flexibility.

- Strengthen cybersecurity, including staff training, to protect GCF's digital assets in response to increasing external hacking threats.

Digitalizing Business Operations

- Implement electronic forms, workflows and business rules in GCF's business processes to create greater efficiencies and accountability.
- Introduce the first modules of the GCF Financial Management System.
- Enhance the automation of processes relating to procurement.
- Implement a compliance management system.
- Implementation of Portfolio Performance Management System (phase 2) to expand on the analysis and collaboration functions for the APR process within the Secretariat.
- Include the readiness related activities into the Portfolio Performance Management System
- Implementation of online submissions for Country Programmes on the NDA Portal and integration with iPMS.
- Complete all modules within the DAP to fully automate accreditation processes
- Enhance the automation of processes relating to Office of Human Resources in various areas such as recruitment, and onboarding.

Data-Driven GCF

- Implementation of the data strategy that provides greater insight into the makeup of GCF's growing portfolio using artificial intelligence.
- Improve decision making for submitted funding proposals based on the use of historical impact data collected from projects that have already been approved.
- Develop data mining solutions that provide greater analytical firepower to support decision making across GCF's operations.

Digitalizing Collaboration & Engagement

- Expand tools on the Board Portal.
- Further identify and clarify the digital collaboration needs between GCF and its external partners.
- Develop interfaces to GCF knowledge repositories to ensure lessons learned in distributing climate finance are shared internally and externally.

In addition to the roll-out of new product lines, attention will also be paid to the need to enhance integration and deepen the understanding of how to use these tools both within GCF and by stakeholders.

Overview of Digital Agenda

