



**GREEN
CLIMATE
FUND**

Meeting of the Board
4 – 7 October 2021
Virtual meeting
Provisional agenda item 8

GCF/B.30/Inf.11

13 September 2021

Report on the activities of the Secretariat

Summary

This report provides an update on the activities of the Secretariat for the period 1 May to 31 July 2021. It summarizes progress against the overarching goals and priorities identified in the Secretariat's 2021 work programme, as well as tracking key performance indicators identified in the work programme results framework.

The report includes: a summary of requests from the Board during the reporting period and Secretariat responses (annex I), a progress update on Secretariat and iTAP collaboration on developing a transparent and consistent approach to the assessment of funding proposals (annex II), and the list of GCF cooperation agreements that are currently in effect (annex III).

Table of Contents

I.	Introduction	1
1.1	Executive summary	1
1.2	Tracking key fund indicators	3
1.3	Summary of progress toward the six priorities	5
II.	Detailed account of activities of the Secretariat during the reporting period against the six goals	12
2.1	Origination of country-driven, paradigm-shifting investments	12
2.2	Project development and appraisal to build an impactful GCF portfolio	19
2.3	Management of portfolio implementation for results and knowledge	26
2.4	Supporting the Board and helping to advance the consolidation of the GCF policy and governance framework	30
2.5	Facilitating access and accelerating implementation by improving process efficiency, effectiveness, transparency and speed of delivery	35
2.6	Fostering a high-performance collaborative culture and consolidating institutional capacities and oversight	39
Annex I:	Summary of requests from the Board and Secretariat responses	46
Annex II:	Secretariat – iTAP collaboration on developing a transparent and consistent approach to the assessment of funding proposals	47
Annex III:	List of memorandums of understanding in effect as at 31 July 2021	49

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 2021, which was approved by the Board at its twenty-seventh meeting (B.27). It outlines the Secretariat's progress towards the six overarching goals as well as towards the key performance indicators (KPIs) set out in the 2021 work programme and its results framework, for the time frame 1 May to 31 July 2021.
2. The 2021 work programme recognizes the need to scale up programming and continue driving quality standards across all funding windows in order to meet the ambitions of the first replenishment period of the GCF (GCF-1) and deliver real results for developing countries. It also sees a growing need for consolidating portfolio and results management to account for the substantial growth of the portfolio under implementation. The 2021 work programme capitalizes and consolidates 2020 efforts towards codifying and streamlining internal processes and concerted activities towards building a stronger institutional culture around core values. As such, it begins to measure the results of these efforts through a new range of efficiency and effectiveness KPIs.
3. The 2021 work programme contains six priorities and related performance metrics:
 - (a) Origination of country-driven, paradigm-shifting investments;
 - (b) Project development and appraisal to build an impactful GCF portfolio;
 - (c) Management of portfolio implementation for results and knowledge;
 - (d) Supporting the Board and helping to advance consolidation of the GCF policy and governance frameworks;
 - (e) Facilitating access and accelerating implementation by improving process efficiency, effectiveness, transparency and speed of delivery; and
 - (f) Fostering a high-collaborative culture and consolidating institutional capacities and oversight.
4. As previously reported at B.29, activities during the reporting period continued to be shaped and influenced by the persisting context of the ongoing COVID-19 pandemic and its effects on the Secretariat and its partners, particularly on developing countries. Internally this has seen the Secretariat advance its business continuity planning, refining telecommuting and flexible work arrangements along with the rollout of a vaccination programme, all with the view to continue ensuring staff safety.
5. From a programming and implementation angle, it is worth repeating that the further consolidation and strengthening of adaptive management measures continued to bear results, minimizing the impact on operations. Most remarkably, the programming and portfolio implementation ambitions under the 2021 Work Programme remain on track to be fulfilled.
6. The first meeting of the Board in 2021 (B.28) saw the largest funding approval at a single Board meeting in GCF history (USD 1.2 billion approved). While B.29 saw a smaller number and volume of projects being considered by the Board due to a lower commitment authority for the second quarter, the Secretariat's pipeline for iTAP review prior to B.30 was again of a volume of USD 1.23 billion. GCF maintains the capacity to programme up to USD 1 billion per Board meeting, should the availability of commitment authority allow it.
7. The need to ensure a portfolio composition aligned with the 6 key programming targets of the USP over the course of GCF 1 informed the Secretariat's efforts in developing the 2022 Work Programme for consideration by the Board at B.30. These have also been taken into

account as the Secretariat evolved a Private Sector Strategy to further diversify the private sector portfolio from one that has historically been dominated by international access, public AE, sovereign debts, mitigation/energy projects, toward a broader range of : (i) accredited entities, and notably private sector and direct entities; (ii) non-grant instruments; and (iii) thematic priorities, including for adaptation and ecosystem-based approaches. However, the capacity GCF to achieve progress against the six programming targets will depend on available commitment authority and Secretariat's capability build up in 2022 and 2023.

8. The upward trend of moving the portfolio towards implementation also continued at considerable pace: the portfolio is now 76 per cent under implementation and is projected to reach between 81–84 per cent by the end of the year. This also takes into account a potential large funding approval at B.30. Cumulative disbursements have also already reached the annual targets and are expected to fall in the range of USD 2.2–2.7 billion by the end of 2021, which is beyond the targeted range of USD 1.8–2.1 billion set out in the 2021 Work Programme.

9. The Secretariat actively supported partners' efforts to advance implementation. A large number of projects and Readiness grants requested support for adaptive management measures to adjust to the Covid-19 pandemic, which has adversely impacted expenditure rates. Projects are reporting slowdown in project activities due to travel restrictions and lockdowns, supply chain bottlenecks, liquidity tightening and financial challenges. The Secretariat continued actively responding to requests and is beginning to standardize requests and systems for their management for a swifter response.

10. In terms of the GCF policy agenda, the Secretariat has continued working on all policy drafts under the 2020–2023 Board Work Plan, for consideration by the Board, Co-Chairs, or committees. A range of consultation modalities were also piloted before and after B.29. These included written reviews, informal sessions, and numerous bilateral engagements with Board members. Together with direct engagement between the Board's constituencies, these have proven highly instrumental in facilitating the Board's conclusion of the integrated Results Management Framework at B.29. The Secretariat is working on implementation arrangements to ensure effectiveness by B.32.

11. The Secretariat also prepared a review of GCF's capacity to deliver on the USP goals and priorities at B.29. Although the item was not opened, the Secretariat incorporated some preliminary comments received on the Capability Review in an updated draft while preparing its 2022 Work Programme and updating the GCF Salary Scale. All three items are scheduled for consideration at B.30. If the 2022 Work Programme puts forward a work programme and budget observing decision B.18/11 on a 250 headcount cap, the Capability Review shows additional budgetary implications of enhancing the Secretariat's capacity to deliver the USP through increasing staff headcount.

12. These forward-planning efforts were conducted in parallel with the other 2021 institutional priorities of consolidating process efficiency and effectiveness; advancing the digitalization of GCF operations; enhancing talent acquisition efforts through targeted outreach and forums; and strengthening organizational culture. In addition to the above review of GCF's capacity and staffing needs, initial outcomes from the implementation of the GCF People Plan include faster recruitment processes; development of a Talent Management Strategy and onboarding programme; improved alignment between the nine-point SMT charter developed by the Senior Management Team (SMT) and corporate values; advancement of divisional and SMT action plans responding to the staff survey; streamlined performance management systems; and enhanced modalities for flexible working.

13. The Report is organized as follows:

(a) Section 1.2 summarizes progress against key indicators tracking operational progress;

- (b) Section 1.3 provides a summary of progress against the six goals of the 2021 Work Programme;
- (c) Chapter II gives a more detailed account of the activities that were carried out against each of the six goals of the 2021 Work Programme;
- (d) Annex I contains a Summary of requests from the Board and Secretariat responses,
- (e) Annex II contains an update of the work carried by the Secretariat to implement the B.28/03 mandate which “Requests the Secretariat, in close consultation with the independent Technical Advisory Panel, to develop a transparent and consistent approach to their assessment of funding proposals”, and
- (f) Annex III contains the usual list of memorandums of understanding that are in effect. The list has not been updated from the previous report.

1.2 Tracking key fund indicators

14. The tables below summarize the following key operational indicators: 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). The results up to mid-2021 indicate the programming and implementation targets should be met or exceeded by the end of the year. SAP programming is likely to constitute the exception. The Secretariat also expects substantial progress on Readiness indicators, reflecting on the historical practice of numerous proposals being submitted towards the end of the year.

Table 1: Summary of funding proposals indicators as at end of reporting period

Funding proposals		B.28 & B.29		Target Dec. 2021	
Total number of funding proposals approved		Public: 17	Total: 19	Public: + 33 proposals	Total: 45-50 proposals
		Private: 2		Private: + 12	
Amount of funding approved (cumulative USD total)		Public: 1.39 billion	Total: 1.70 billion	Public: + 1.03- 1.33 billion	Total: 1.78-2.26 billion
		Private: 308 million		Private: + 750 - 880 million	
Simplified approval process (SAP) ^a	No. of funding proposals	4		6-11 proposals	
	Total \$	37.5 million		60-110 million	
Direct access	No. of funding proposals	3		12-13 proposals	
	Total \$	289 million		250-340 million	

^a The 2021 Work Programme indicated that meeting the targets is dependent on implementing the set of SAP reforms set out under the Work Programme.

Abbreviations: B.28 = Twenty-eight meeting of the Board; B.29 = Twenty-ninth meeting of the Board.

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

Core indicators	As at 31 July 2021	Target for December 2021 ^a
AMAs signed ^b	94 cumulative (+9 in 2021) 55 DAEs cumulative (+4 DAEs in 2021)	101 cumulative (+ 16 in 2021) 59 DAEs cumulative (+8 DAEs in 2021)
FAAs signed	153 cumulative (+21 in 2021)	160 cumulative (+ 28 in 2021)
Projects under implementation ^c and value ^d (USD)	75.71 per cent 134 projects cumulative (+ 18 funding proposals in 2021) 5.8 billion cumulative (+USD 889 M in 2021)	75 per cent 132 – 139 projects cumulative (+16 to 23 funding proposals in 2021) 5.7 – 6.1 billion cumulative (+ 813–1,277 million in 2021)
Aggregate projected disbursements for funded activities ^e (USD)	2,025 million cumulative (+USD 400 M in 2021)	1,874–2,078 million cumulative (+449–555 million in 2021)
Funded activity progress reports reviewed for results	74	93

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

^a Targets indicate total additional amounts as expressed in the 2021 work programme.

^b The numbers presented are for total AMAs signed, as referenced in the 2021 Work Programme. As at 31 July, 5 AMAs have lapsed under the re-accreditation process. As a result the total number of active AMAs is 89.

^c This refers to projects that have reached FAA effectiveness.

^d The value refers to the GCF funded amount.

^e 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		As at 31 July 2021		Target for December 2021 ^a	
Readiness	Proposals approved and approved amount (million USD)	Adaptation planning: 10 (19.99)	Total: 36 (36.11)	Adaptation planning: 18 (39.6)	Total: 73 (87.1)
		Readiness other than adaptation planning: 26 (16.12)		Readiness other than adaptation planning: 55 (47.5)	
	Total proposals receiving disbursement and amount (million USD)	Adaptation planning: 62 (67.5)	Total: 439 (176.9)	Adaptation planning: 7.6	Total: 18.6
		Readiness other than adaptation planning: 377 (109.4)		Readiness other than adaptation planning: 11	
Total proposals completed	Adaptation planning: 0	Total:	N/A		

Core indicators		As at 31 July 2021		Target for December 2021 ^a
		Readiness other than adaptation planning: 61 (10.1)	61 (10.1)	
	Readiness implementation reports reviewed	165		125
Project Preparation Facility requests	No. requests approved and approved amount (million USD)	6 (3.8 million)		12 (7.2 million)
	No. requests receiving disbursement and amount disbursed (million USD)	8 (4.1 million)		n/a

^a 2021 work programme targets indicate additional approvals and amounts as carried out during 2021.

1.3 Summary of progress toward the six priorities

1.3.1 Origination of country-driven, paradigm-shifting investments

15. Country programming remains the main mechanism for ensuring a country-driven GCF portfolio, but experience to date indicates some challenges in terms of their full utilization for identifying priority investment areas for GCF and supporting pipeline generation in collaboration with AEs. While numerous country programme drafts have now been submitted to the Secretariat as a result of substantial historical support, experience in reviewing these has shown the critical value of closer Secretariat engagement and targeted technical support in delivering GCF-relevant investment plans and aiding coordination with AEs. Only four country programmes to date have been endorsed internally (2 in 2021), even though 26 countries have had theirs published on the GCF website.

16. This reflects the fact that the first generation of Country Programmes has been developed with the aim of compiling all project proposals that meet national priorities, without a full consideration to GCF's unique comparative advantage among all other sources of finance (domestic and international). This key observation has also informed the Secretariat's work in developing the 2022 Work Programme, which seeks to strengthen and re-organize the Secretariat's country programming support in the coming year. Based on the lessons learned from this initial country programming phase the Secretariat plans to develop further guidance and engage with countries prior to the national validation of country programmes, to facilitate the submission of country programmes which embeds GCF's support within a broader financing strategy.

17. Programming engagement with countries and entities continued on a virtual basis. One new entity work programme (EWP) for international access entities (IAEs) was submitted during the reporting period by the Food and Agriculture Organization of the United Nations (FAO), and the Secretariat organized a dedicated programming bilateral on pipeline prioritization for GCF-1. Four other entities also re-submitted their revised EWPs, and three have matured enough for the internal Climate Investment Committee (CIC) review and endorsement process. As part of all its EWP review efforts the Secretariat is finding that

targeted engagements are often needed to support the streamlining, prioritization and sequencing of AE pipelines.

18. With regards to Readiness, proposals continued to be approved at a steady pace, but the majority remain single-year proposals. A further 11 non-adaptation planning Readiness proposals and 6 adaptation planning proposals were approved during the reporting period. The operationalisation of new modalities to provide on-demand support for project preparation has further progressed, the large majority being for direct access support. In the preparation of the 2022 Work Programme, the Secretariat has also prioritized additional measures for enhancing direct access, such as targeted on-boarding and training for DAEs.

19. During the reporting period, a growing attention of the accreditation team was dedicated to supporting re-accreditation with a view to avoid accreditation lapses. Re-accreditation was triggered for the first time in 2021, five years after the AMA effectiveness date of the first AMAs signed between GCF and AEs. Given the number of re-accreditation reviews requiring Board consideration, no new accreditation applicants have been progressed for B.30. The re-accreditation process has also increased the number of AE reports requiring cross-Secretariat review, an activity that is expected to increase considerably over the course of 2022. Finally, six more AMAs were concluded during the reporting period, but 2021 also saw the lapse of 5 AMAs due to delays in their re-accreditation process. The respective AEs have either been re-accredited at B.29 or are in the process of being considered by the Board for re-accreditation at B.30 or in 2022. In parallel, the Secretariat also further supported the Accreditation Committee in the development of the accreditation framework, which was published but not considered by the Board at B.29. The Digital Accreditation Platform (DAP) has also been further updated and is currently expected to be finalized in Q3 2021.

1.3.2. Project development and appraisal to build an impactful GCF portfolio

20. The first meeting of the Board in 2021 saw the largest funding approval at a single Board meeting in GCF history. In keeping with the lower commitment authority for the second quarter, B.29 saw a smaller number of FPs being presented for Board consideration. However, the number of projects submitted to the Board at B.30 should be in line with B.28 as additional contributions have been deposited. In parallel, the Secretariat engaged in an active prioritisation and alignment of the pipeline with GCF-1 portfolio targets during the first part of the year. As a result, the anticipated pipeline of proposals to be considered at B.30 are expected to further advance the GCF-1 targets on adaptation, Direct Access and the private sector.

21. Various actions were also taken to streamline and standardize the review processes and provide additional guidance for the development of funding proposals. The Secretariat began the operationalization of a rolling review process for B.29 and has engaged with TAP on the lessons learned from these pilot efforts. Engagement with TAP also looked at Board mandates on improving the consistency of review criteria and covered the existing assessment modalities against the Investment Framework, the nature of the GCF business model as a second level institution, and the application of GCF's safeguarding policies in relation to funding proposal review. The conclusion of various Board policy mandates on the steps to enhance the climate rationale of GCF-supported activities or the Policy on Programmatic Approaches would enhance these efforts by providing a consistent institutional basis for both the Secretariat and TAP in the review process. In parallel, the Secretariat has conducted a stocktake and gap analysis of current second-level due diligence tools to inform the development of the Appraisal Manual and began updating sector guides based on the outcomes of the second consultation batch.

22. With regard to specific funding windows, no further proposals were approved under the simplified approval process (SAP) modality or under the micro, small and medium-sized enterprise (MSMEs), enhancing direct access (EDA), mobilizing funds at scale (MFS) requests for proposals (RFPs) at B.29. Given that no SAP proposals are being advanced for B.30, the 2021

Work Programme targets on SAP will most likely remain unmet. As previously reported, the ongoing challenges remain the time needed to translate SAP CNs into quality SAP FPs as well as the lengthy review and approval process for SAP which remains comparable to the PAP. However, two EDA proposals have been processed by the Secretariat for TAP review and may advance for Board consideration at B.30. In advance of B.30, the Secretariat has worked to both advance the update of the SAP modality and the review and update of RFPs. Bilateral consultations on the SAP update were carried out prior to B.29, and the Secretariat prepared a revised draft that was released for Board consultation after B.29. The comprehensive review of RFPs in 2021 built on a review of the results and effectiveness of each of the individual RFPs to date, the findings from the rapid assessment of RFPs by the Independent Evaluation Unit (IEU), and the outcomes of the Board's consideration of the project-specific assessment approach (PSAA). The Secretariat's proposal for updating the RFP modality took into account RFP-programming options, which had the greatest potential for delivering results during GCF-1 while responding to Conference of the Parties (COP) mandates on technology and REDD-plus.

23. In parallel, an inter-divisional team led by the recently appointed Head of the Private Sector Facility prepared a first draft of the GCF Private Sector Strategy for consideration by the Board at B.30. In constructing the Strategy the Secretariat has looked towards activities which can further diversify and enhance the Fund's private sector portfolio from one that has historically been dominated by international access, public AE, sovereign debts, mitigation/energy projects, toward a broader range of : (i) accredited entities, and notably private sector and direct entities; (ii) non-grant instruments; and (iii) thematic priorities, including for adaptation and ecosystem-based.

24. As part of its global policy dialogue to address the green investment gap in developing countries, the Secretariat continued its engagement with: i) the Network for Greening the Financial System to become an Observer; ii) knowledge partners on the development of training programmes for AEs on carbon accounting and climate-related financial disclosures and for NDAs on green policy development ; and iii) new corporate partners looking to achieve net-zero emissions in their operations and supply chains in developing countries.

25. Finally, the Secretariat continued to apply its integrity, compliance and safeguarding policies across all portfolio-building activities. All funding proposals were screened and reviewed and continue to be in compliance with the Gender Policy, Environmental and Social Policy and Indigenous Peoples Policy. In addition, the Secretariat finalized public and AE consultation for the Sexual Exploitation, Abuse and Harassment (SEAH) revisions to the Environmental and Social Policy and prepared the document for Board approval through a decision proposed without a Board meeting ; supported the IIU in finalizing the standard operating procedures (SOPs) for the anti-money-laundering and countering the financing of terrorism (AML/CFT) standards for further consideration by the Ethics and Audit Committee (EAC); finalized a prioritization exercise for the digitalization of compliance workstreams; and concluded the procurement of a firm to help develop GCF's own environmental and social standards.

1.3.3. Management of portfolio implementation for results and knowledge

26. The trend of accelerating the portfolio towards implementation continued with 9 new funded activity agreements (FAAs) signed during the reporting period. With a total of 21 signed in 2021, 75 per cent of the annual target of 28 has already been met mid-way through 2021. This brought the total number of funding proposals under implementation to 134, amounting to around 76 per cent of the total portfolio, just slightly above the annual target of 75 per cent. The rate is expected to grow to between 81–84 per cent of the total portfolio, taking into account anticipated approvals at B.30.

27. Thanks to the active monitoring of individual project circumstances and the adaptive measurements put in place, disbursements also continued at a steady pace and progressed better than the Secretariat expected in 2020; with USD 400 million disbursed, the annual target of USD 449–555 million in 2021 has almost been met and is expected to be exceeded by the end of the year. Of the total amount of USD 5.8 billion in GCF funding for projects under implementation, a total of USD 2 billion has been disbursed to date, or around 35 per cent of total funding amount, including full disbursement for 11 projects. Total cumulative disbursement is expected to fall in the range of USD 2.2–2.5 billion, which is beyond the targeted range of USD 1.8–2.1 billion set out in the 2021 Work Programme. Continuous improvements have also been made in terms of both the implementation ratio (average period from FAA effectiveness/expected project duration) and in the disbursement rate (total amount disbursed to AEs for the projects under implementation/the total value of projects under implementation).
28. In parallel, a considerable number of initiatives continued strengthening GCF's portfolio management approach. The Portfolio Performance Management System (PPMS) has been updated to include a disbursement module, and a set of user guides were released internally and externally. Additional tools for project reporting and evaluations were also provided to AEs. Capitalizing on the growing support of available systems, the Secretariat is also making concerted efforts to develop and improve its evidence-based decision-making mechanisms by strengthening its data collection, analysis, management and dissemination. A preliminary study to develop the GCF portfolio data management strategy was finalized in May. A core component will be the operationalization of an integrated project/programme risk and performance management framework and dashboards to inform decision-making.
29. The Secretariat has continued to actively monitor individual project circumstances and needs and has processed a continuously growing number of adaptive management requests. As previously reported, the COVID-19 pandemic adversely impacted on expenditure rates with projects/programmes reporting slowdowns in project/programme activities due to travel restrictions and lockdowns, supply chain bottlenecks, liquidity tightening and financial challenges. A total of 54 requests were received during the reporting period, targeting implementation timeline extensions and project restructuring.
30. The Secretariat remains on track to meet the 2021 Work Programme target on activity reports: a total of 74 annual performance reports (APRs) were completed, which is working towards the annual target of 103 APRs. For the Readiness Programme, the Secretariat has substantially exceeded the annual target, having reviewed 165 Readiness reports compared to the 125 under the 2021 Work Programme.
31. As part of the value chain of its fiduciary duties on portfolio management, the Secretariat continued strengthening results management by enhancing the quality-at-entry of funding proposals, concept notes, readiness grant proposals and national adaptation plans. This included the ongoing provision of external guidance on strengthening logical frameworks and the Theory of Change as well as selecting and reporting on relevant indicators for selected project activities. In addition, the Secretariat began piloting an internal peer review system for enhancing the consistency of the Secretariat review. The Secretariat also secured Board approval for the budget to conduct the first phase of portfolio remedial measures under the B.28/02 mandate on "Addressing gaps in the portfolio for measurement". Following the Board's approval, the Secretariat has started the process for retaining a vendor to support the remedial measures under Phase I. implementation planning has also kick-started following the approval of the IRMF at B.29, with a view to advancing three underlying mandates on: (i) revising the GCF funding proposal template to reflect the IRMF; (ii) developing the accompanying results handbook to assist AEs in reporting against the IRMF indicators; and (iii) setting up and launching the new dedicated funding window under the RPSP to support DAEs in implementing the IRMF.

32. Activities to strengthen the results management capacity of GCF have also included the setup of the Readiness Knowledge Bank V.02, to help the Secretariat capture and navigate results from the implementation of the Readiness Programme. This is being done in parallel with the establishment of the Readiness Results Management Framework (RRMF) under the PPMS. Following preliminary work to establish the criteria, taxonomy and classification of all progress reports, work will continue to make information available to all staff and further translate available data into accessible knowledge products and case studies.

1.3.4. **Supporting the Board and helping to advance the consolidation of the GCF policy and governance frameworks**

33. The Secretariat continued the virtual engagement processes put in place over the course of 2020 for carrying out Board meetings and Board consultations and supported the successful running of B.29, the fourth virtual Board meeting held to date. The Secretariat has also begun developing a Secretariat-wide strategy for upstream engagement with Board members in preparation of Board meetings. Part of this undertaking includes updating onboarding materials and processes as well as a dedicated handbook for members and the Co-Chairs.

34. Ongoing virtual engagement also led to additional items being concluded through decisions proposed without a Board meeting. On the policy front, while some noticeable progress was made over the course of 2021 to conclude a number of mandates, a considerable number of policies on the 2021 policy agenda remain to be considered by the Board. At the time of writing this report, these include policies which seek to further simplify access to GCF funding for small-scale activities; simplify access windows and the accreditation process; enable large-scale programmatic activities that can more quickly meet country demands; guide programming through investment policies; update the GCF RFP modalities; and outline the GCF private sector strategy.

35. As of the end of the reporting period (31 July 2021), the Secretariat had prepared 16 drafts for consideration by the Board, Co-Chairs or committees over 2021: ten Secretariat-led drafts that were published for B.28 or B.29 for decision or information, two new drafts that were released for Board consultation in July (“Steps to advance the climate rationale of GCF-supported activities” and “Policy on programmatic approaches”) and four items led by committees or the Co-Chairs. The Secretariat had prepared 72 per cent of the Secretariat-led policies in the 2021 policy agenda (12 items) under the 2021 Board Work Plan (KPI 4.1), and 24 per cent have been concluded by the Board (4 items). Given the ambitious policy agenda for 2021 the Secretariat, in consultation with the Co-Chairs, deferred two items to 2022. With three more items completed after the end of the reporting period the Secretariat expects to be close to meeting the annual target.

36. The Secretariat also supported and managed Board consultations in advance and after B.29 for the items under its mandate. Most advanced consultations took place on the IRMF leading up to B.29, in parallel with consultations on the Update of the SAP modality. A range of consultation modalities were used, including written reviews, informal sessions and numerous bilateral engagements with individual Board Members. These have been highly instrumental in refining policy proposals and reaching consensus on the IRMF during B.29. The Secretariat also advanced work on consolidating its arrangements for managing and monitoring implementation planning for approved policy proposals that have implications for the Secretariat. This policy implementation KPI is at 63 per cent progress in terms of approved policies having an updated implementation plan agreed and followed by all implementing units. The Secretariat expects to fully meet this novel KPI by the end of the year as staff become more familiar with its requirements.

37. During the reporting period the Secretariat has also worked to develop the terms of reference for conducting a comprehensive policy review as required under the 2020–2023

Strategic Plan and the 2020–2023 Board Work Plan. The policy review is a first initiative of its kind and will be prepared for the Board’s consideration in 2022. It will assess conduct a cross-cutting examination of GCF’s current policies to assess overall coherence, progress in policy implementation, and policy impact on GCF operations. The objective is to derive insights into overall policy coherence, implementation and impact looking across the entire GCF policy suite, beyond existing individual policy reviews.

38. Engagement with the United Nations Framework Convention on Climate Change (UNFCCC) and its constituted bodies also continued on a virtual basis, including through participation in the sessions of the subsidiary bodies. The Secretariat also submitted the draft Tenth Report to the Conference of Parties to the United Nations Framework Convention on Climate Change to the Board prior to B.29. In parallel, engagement with other climate funds continued through dedicated workshops on synergizing monitoring and evaluation (M&E) across portfolios. A notable highlight during the reporting period is the submission of a first Readiness proposal aimed at strengthening the capacity of DAEs through the Community of Practice for Direct Access Entities (CPDAE).

1.3.5. Facilitating access and accelerating implementation by improving process efficiency, effectiveness, transparency and speed of delivery

39. The Secretariat continued the operationalization of the key set of manuals concluded over the course of 2020 and is tracking lessons from their implementation. From the perspective of the funding proposal review cycle, the Operations Manual and Programming Manual introduced requirements for a more thorough and consistent assessment of climate impact potential, greater integration of review inputs across divisions, and an independent appraisal. As of 31 July 2021, 68 per cent of project reviews were completed in full alignment with the Operations Manual (KPI 5.2), thanks in part to the routinization of carrying out climate impact assessments and interdivisional team kick-off meetings. Lessons learned from applying the Manuals to date have been taken into account when developing specific targets under the upcoming 2022 Work Programme and will inform their future iterations and updates.

40. A novel feature of the 2021 Work Programme was the introduction of a goal for meeting set response times for process stages under the Secretariat review. To date, progress against service standards varies across processes. The targets have been exceeded for the review of Stage 1 accreditation applications for all new applicants and for adaptation planning and PPF proposals. They however fall below the target for non-adaptation planning Readiness proposals and for both regular and SAP funding proposals and concept notes, because of staff capacity constraints and additional review demands for meeting the USP targets.

41. Efficiency and effectiveness efforts continued to be supported by the implementation of an extensive range of systems improvement solutions under the 2020–2023 Digital Agenda. Major functions of the DAP were completed in July, and the Digital Proposal Submission platform has been further developed and is expected to roll out in Q3 and 4 for SAP and regular concept note/funding proposals submissions, while the PPMS has been integrated with existing platforms and extended with data analytics functions. The HR management system has also been extended with an upgraded recruitment management system, and a vendor has been selected for implementing GCF’s Corporate Performance Management System, which will enable the Secretariat to track KPI progress through a dedicated digital platform. A series of enterprise-wide initiatives have also advanced during the reporting period. The Procurement Manual was finalized in June and subsequently disseminated among staff following an extensive consultation process. An Integrated Risk Management and Compliance System initiative seeks to efficiently organize risk and compliance management, including compliance reviews and assurance inquiries. During the reporting period it was kicked off with planning, requirements review and vendor selection. Finally, the assessment phase of the GCF Financial Management System (GFMS) also made significant progress with the finalization of the required

implementation plans, budget estimates and risk assessments. The GFMS will allow for more comprehensive automated management of all financial processes and reporting, as well as improved automation of payroll, recruitment and procurement processes. In parallel, the Secretariat has engaged with the Independent Integrity Unit (IIU) to support the roll out of its proactive integrity management systems, which use machine learning models to determine project-level integrity risks. This will enable the organization to prioritize the oversight of a rapidly expanding portfolio.

42. In line with new institutional mandates under the 2020–2023 Strategic Plan, the Secretariat has finalized a Capability Review for the Board’s consideration at B.29, assessing the capacity requirements for delivering on the 2020–2023 Strategic Plan goals and responding to new enhanced areas of work under the 2020–2023 Strategic Plan. The capability review also recommended a broad range of reforms for further optimizing GCF operations. The Secretariat has further updated the paper post-B.29, in parallel to preparing the 2022 Work Programme. Together with an update on the GCF Salary Scale, the papers are being presented for consideration by the Budget Committee and subsequently the Board at B.30. If the 2022 Work Programme puts forward a budget proposal in line with the existing B.18/11 cap on Secretariat staff headcount, the capability review presents additional budgetary implications for fully aligning with 2020–2023 Strategic Plan needs beyond the existing cap.

1.3.6. Fostering a high-collaborative culture and consolidating institutional capacities and oversight

43. Given the ongoing global prevalence of COVID-19, the Secretariat advanced work on its Business Continuity Management Plan (BCMP) with a view to defining GCF’s continuity management approach and its phases of implementation. Having a BCMP remains essential in ensuring GCF promotes a safety culture, minimizes the impact of a disruption on operations and builds organizational resilience. The Secretariat has commenced an assessment of potential and likely threats and risks, business impacts and required responses and will continue updating the BCMP and required implementation plans based on these findings. In parallel, a vaccination programme has also been initiated and rolled out during the reporting period.

44. An ongoing institutional priority for 2021 is attracting, nurturing and deploying the diverse and talented people needed to deliver on the GCF mandate and the ambitions and goals for GCF-1 and beyond. The Secretariat has continued its efforts to build its capacity through a range of activities designed to disseminate and communicate its employee value proposition to targeted career forums and platforms, including through a systematic use of professional services for positions where talent is scarce. With 13 new positions filled during the reporting period, including for the new Head of the Private Sector Facility and an overall 4.8 per cent turnover rate, the Secretariat has shown steady progress in filling its capacity in spite of the global pandemic context. This puts the Secretariat on a good path to achieve and possibly exceed its fill-up target of 90% for this year (achievement of a higher fill-up rate is constrained by the presence of a staff cap).

45. Progress was also made towards the ongoing implementation of the People Plan. Headline initiatives conducted during the reporting period include training workshops for hiring managers, advancement of engagement actions plans, revising the conditions of flexible working arrangements and publishing the Grievance Architecture Handbook. Staff engagement advanced with the development of divisional and SMT action plans following the annual staff survey, and notable progress has also been made in the resolution of staff concerns. Compared to 2019 and 2020, substantially fewer staff concerns have been submitted to the IIU, while concerns addressed to the Ombuds have on average reached a 95 per cent resolution rate within four weeks.

46. While little progress has been made on further advancing the signing of privileges and immunities, the Secretariat has continued advancing institutional risk management for areas under its control by further completing internal audits and a series of management responses and starting to develop GCF's Institutional Risk Management Framework.

47. Finally, the Secretariat continued its resource mobilization, partnership and communication activities. Signed pledges remain at 96 per cent of total pledges as last reported for B.29, and two contributors made new (Romania) or additional contributions (Malta) for GCF-1. Additional positive news is the United States House of Representatives passing the 2022 State, Foreign Operations, and Related Programs Bill in July 2021, including USD 1.6 billion funding for contributions to GCF. The bill has now moved to and will be deliberated in the Senate. External outreach continued through active participation in thematic global forums and events, the launch of the [Scaling up climate finance in the era of COVID-19](#) publication, participation in two United Nations-convened processes on food systems and energy, and the contribution to the Hydromet Gap Report.

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

2.1 Origination of country-driven, paradigm-shifting investments

2.1.1. Advancing the development and submission of country programmes for pipeline identification

48. In line with the ambitions of both the 2021 Work Programme and the 2020–2023 Strategic Plan, country programmes remain the cornerstone of each country's pipeline development for GCF. The submission of country programmes is also the first stage of the GCF project and programme cycle and forms the basis for prioritizing the development of funding proposals for submission to the GCF.

49. Two country programmes for GCF-1 have been endorsed by the Secretariat's CIC in 2021. A total of 26 countries have now had country programmes published on the GCF website, 4 of which are endorsed by CIC. In addition, at least 10 countries are updating their country programmes following the Secretariat's review, and these are expected to be presented to CIC in the coming months. Project ideas from the four CIC-endorsed GCF-1 country programmes amount to an estimated USD 1.8 billion in GCF financing and are mostly in partnership with DAEs. One project idea has already been approved by the Board (FP133), and nine have been received as a country note or funding proposal and are at various stages of review.

50. While numerous country programme drafts have now been submitted to the Secretariat as a result of substantial historical support, experience reviewing these has shown the critical value of closer Secretariat engagement and targeted technical support in delivering GCF-relevant investment plans and aiding coordination with AEs. This is especially true given the first generation of country programmes focused on listing all project ideas that could be put forward for GCF funding. They did not however fully consider all other source of finance available (national or international) or how GCF's comparative advantage fares vis-à-vis other financing sources. This key observation has also informed the Secretariat's work in developing the 2022 Work Programme, which seeks to strengthen and re-organize the Secretariat's country programming support. Based on these lessons learned the Secretariat is also working to develop further guidance and engage earlier with countries, to ensure future country programmes will have a stronger focus on prioritizing transformational climate projects for GCF's consideration within a broader financing strategy.

51. Technical assistance continues to be provided through dedicated service provider consortia for a group of countries that are yet to submit their country programmes or are intending to update them. In parallel, the Secretariat continues to provide recommendations to countries on project prioritization and utilizing Readiness and project preparation support for concept note development, diversifying the use of financial instruments, and engaging further with the private sector. Complementarity and coherence was a key component of bilateral country programming engagements, and the Secretariat continued to support countries in identifying project and policy-level entry points for synergy with other climate fund initiatives. During the reporting period, the Secretariat has engaged with six countries (Afghanistan, Bhutan, Dominica, Fiji, Marshall Islands and Saint Lucia) by providing technical inputs focused on complementarity and coherence to their country programmes under development. Further information is also provided in section 2.4.8 below.

52. Due to travel restrictions and limited options for in-person missions, the Secretariat continued to use alternative forms of engagement in order to maintain active communication with countries. In addition to the regular bilateral conversations with NDAs, the following programming engagements took place:

- (a) The Secretariat held a programming dialogue with Oman and the Syrian Arab Republic to discuss the development of their country programmes, help identify priority projects and tackle the strategic nomination of DAEs;
- (b) A knowledge exchange was held with the NDAs of Indonesia, Mongolia, Papua New Guinea and Uganda and co-organized with the Global Green Growth Institute, which provided a platform for discussing GCF's country ownership approach and enhancing direct access through accreditation and pipeline development;
- (c) On 3 June 2021, NDAs and UNFCCC focal points of eight least developed countries (LDCs) were invited to a Webinar on Accessing GCF Funds for Adaptation Planning. The event aimed to discuss ways on accelerating countries' access to GCF's adaptation planning support, including the co-development support and technical assistance that GCF can offer.
- (d) From 8 to 18 June 2021, the Secretariat conducted a virtual programming dialogue with the Pacific region, attended by NDAs, AEs and other stakeholders. The event aimed to address the portfolio imbalance in the region and intends to raise the profile of DAEs in the region by providing support to entities in bringing compliant and high-quality projects.

53. The Secretariat also maintained active participation in the following global and regional forums that engaging developing countries:

- (a) On 8 July 2021, the Secretariat participated at the United Nations High-Level Political Forum on Sustainable Development. In a session titled "Restoring the conditions for SDG progress in African Countries, Least Developed Countries and Landlocked Developing Countries", the Secretariat provided an overview of how GCF is leveraging investments to accelerate the transition to low-carbon and climate-resilient development pathways and reiterated the types of support GCF offers to countries to develop climate-resilient recovery strategies and incorporate them into nationally determined contributions (NDCs) and stimulus packages and to design paradigm-shifting projects contributing to both recovery and climate ambition.
- (b) The Secretariat also participated in various events organized by stakeholders and other organizations such as: the Meeting of the Council of Ministers of Environmental Sustainability of the Organisation of Eastern Caribbean States, the Caribbean Development Bank (CDB) board meeting, and various events on debt swap for climate with Caribbean small island developing States (SIDS).

2.1.2. Facilitating engagement on entity work programmes that are country-aligned

54. The 2021 target under this goal is to establish 10 multi-annual EWPs with improved country alignment in addition to the 9 that were endorsed by CIC in 2020 (KPI 1.4).

55. As of 31 July 2021, the Secretariat received a total of 28 EWPs (including the 9 EWPs already endorsed); 7 were from regional DAEs and 12 from IAEs, as follows:

- (a) A new IAE EWP was submitted by FAO during the reporting period. The Secretariat has taken the EWP draft through an interdivisional review and organized a joint virtual workshop to provide feedback on FAO's partnership approach and programming strategy as well as pipeline prioritization for the GCF-1 period;
- (b) The Secretariat has also organized a virtual workshop with the International Fund for Agricultural Development (IFAD) to discuss the feedback on their EWP and pipeline re-prioritization. Both AEs are in the process of revising the EWPs in line with the virtual workshop outcomes and will re-submit to the Secretariat for potential endorsement by CIC;
- (c) During the reporting period, the Austrian Development Agency (ADA Austria), Camco Management Limited (CAMCO), Enabel, Nordic Environment Finance Corporation (NEFCO) and the United Nations Development Programme (UNDP) have re-submitted their EWPs after having considered the Secretariat recommendations from interdivisional or technical reviews. While the updated EWPs by ADA Austria, CAMCO and NEFCO will be taken to CIC for potential endorsement after completing the interdivisional review process, the EWP by Enabel has been identified as needing further improvement by the AE. Given the large size of the pipeline contained in the draft EWP by UNDP, the Secretariat is considering a virtual engagement with the AE to re-prioritize the pipeline. There have been no updates with regards to the remaining five draft EWPs by IAEs; and
- (d) As for regional DAE work programmes, there has been no addition to the number of EWPs endorsed by CIC. The Secretariat has already provided its assessment and is waiting for the revised EWPs from the Central American Bank for Economic Integration (CABEI), Fundación Avina, Sahara and Sahel Observatory (OSS), The Pacific Community (SPC) and Secretariat of the Pacific Regional Environment Programme (SPREP).

56. The Secretariat's review feedback covers, among other things, issues concerning a clear identification of the AE's comparative advantages; the importance of engaging with NDAs and ensuring alignment with country priorities; diversification of the pipeline to include more adaptation-focused proposals or mitigation projects with significant adaptation benefits; opportunities for IAEs to involve DAEs in the projects; and opportunities to leverage more private sector financing. At the project idea level, feedback includes adding a clear narrative on GCF's added value, climate rationale, choice of financial instruments, co-financing opportunities, and complementarity and coherence with other climate funds.

2.1.3. Implementing a multipronged action plan to promote direct access

57. At the last Board meeting, the Secretariat reported on the development of a DAE Action Plan to support the GCF in meeting its 2020–2023 Strategic Plan ambitions on enhanced DAE programming. The DAE Action Plan seeks to address challenges across the entire cycle of engagement of DAEs with the GCF, from the accreditation process to project development and implementation. Built around three pillars, the Action Plan seeks to (i) diversify the range of DAEs and advise countries on the strategic nomination of DAEs; (ii) improve guidance and support for project development aligned with country priorities and the 2020–2023 Strategic Plan; and (iii) strengthen support for DAE capacity-building, including in the context of national planning efforts.

58. Activities conducted against these pillars are detailed below:
- (a) The Secretariat continued to provide early guidance to NDAs and potential applicants based on the GCF-1 programming ambitions set out under the 2020–2023 Strategic Plan and via various channels, including review of the country programmes through the lenses of the actual and potential accreditation pipeline. The Secretariat advises NDAs on the linkages between programming processes and national accreditation strategies, and provides support for the early identification of potential synergies and the alignment of the GCF project pipeline and the mandate, scope and capabilities of potential accreditation candidates.
 - (b) Project development support continued to be provided through Readiness, the PPF and on-demand technical support windows. Two thirds of the PPF portfolio and five out of the six new approvals in 2021 are to assist DAEs. A PPF service modality was also created and operationalized in 2020 to provide independent project preparation services via a roster of international firms directly working with DAEs, including providing in-country support. Utilizing the international expertise from the roster of firms, the Secretariat has expanded the depths and scope of technical assistance to DAEs. Two PPF service applications are approved so far, and more are in the pipeline. Further information on the provision of PPF support is detailed in section 2.1.6 below. The Secretariat has also explored opportunities for supporting broader DAE programming in the context of the updates to the SAP modality and the review of the EDA RFP.
 - (c) Programming-wise, the Secretariat continued engaging with DAEs bilaterally and at programming events with a view to advance their EWPs. To date, two EWPs have been presented to CIC for endorsement, from the Caribbean Development Bank (CDB) and the Development Bank of Africa (DBSA). While the EWP of CDB was endorsed in 2020, CIC recommended a high-level engagement with DBSA with the aim of streamlining its pipeline and ensuring its alignment with the 2020–2023 Strategic Plan. Engagements with regional DAEs were also conducted during the Pacific Regional Dialogue.
 - (d) On the third pillar, work has primarily focused on supporting IAEs in reporting on the support they provide or intend to provide to potential direct access accreditation candidates under GCF Monitoring and Accountability Framework (MAF), and guiding them to reflect this aspect in their EWPs. The Secretariat also continues to promote the use of EWPs as important partnership tools and analyses EWPs as part of the Secretariat's re-accreditation review.
59. The Secretariat has further explored options for a fuller operationalization of the DAE Action Plan in the context of developing the 2022 Work Programme by defining a set of priority actions in relation to their staffing and budgetary implications.

2.1.4. Accelerating a shift towards focusing Readiness proposals on transformational planning and programming and moving towards multi-year proposals

60. Countries continue to adapt to the revised Readiness Programme strategy adopted at B.22 and have begun to submit more proposals seeking support for pipeline development and DAE support to strengthen their technical capacity for designing investments and enabling their accreditation.
61. The Secretariat received a total of 165 new Readiness proposals since the start of 2021, of which 113 proposals were submitted close to the proposal submission deadline of 30 June 2021. Of the 165 new submissions, 22 proposals are requests to support a climate-resilient recovery, and about a dozen of them are multi-year readiness request proposals. It's worth noting that the bulk of the proposals are still single-year requests, and the Secretariat continues to process requests on a first-come, first-served basis. As at 31 July 2021, the Secretariat

approved 26 single-year proposals worth USD 16.12 million, of which 11 additional proposals were approved during the reporting period. Proposals focus on pipeline development, supporting the development of 37 concept notes and strategic frameworks and developing 15 sectoral strategies and action plans, continuing the 2020 trends (KPI 1.1).

62. Similar progress has been made on adaptation planning. The Secretariat received and reviewed 12 new adaptation planning proposals and approved 10 additional proposals (USD 19.99 million) in 2021 (6 proposals during the reporting period). Cumulatively, a total of USD 67.49 million has been disbursed for adaptation planning support, accounting for almost 42 per cent of the total approved funding. In response to COP guidance, 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.

63. It's worth noting that there is also an ongoing trend towards adopting the multiple sequential proposal approach for adaptation planning support rather than accessing the full USD 3 million through a single proposal. This approach enables NDAs to work with different delivery partners, as appropriate, to undertake subnational and/or sectoral adaptation planning tailored to different country contexts. It also enables the NDAs to apply lessons learned from preceding phases of adaptation planning support. Several of the recently submitted adaptation planning proposals indicate which sectors the successive proposals will focus on. The Secretariat continues to encourage NDAs to apply this approach.

64. The Secretariat also continued providing guidance to NDAs on accessing adaptation planning support. In the period under review, the Secretariat held an outreach webinar with the LDC NDAs that are yet to submit a proposal for adaptation planning support. This afforded the targeted NDAs the opportunity to obtain clarification on how to access adaptation planning support from GCF, as well as to indicate to the Secretariat when and how they intend to access the available adaptation planning support. Additional focus was placed on encouraging NDAs to engage local and regional delivery partners, which are more likely to have a deeper understanding of the local context, enabling them to formulate and implement transformational adaptation planning processes. Finally, technical assistance support continues to be made available to NDAs upon request.

65. The Secretariat continued to reduce review times and improve the efficiency of the review process through ongoing communication with NDAs and delivery partners regarding the origination and revision of proposals, as well as reduced turnaround times for review and internal clearance for approval (40 days in 2021 compared to 71 in 2017).

2.1.5. Extending Readiness and programming efforts to support climate-resilient recovery in countries

66. The Secretariat received a total of 23 Readiness requests targeting support for climate-resilient recovery in developing countries. Of the 23 requests received, 11 requests have been approved as at 31 July 2021, for a value of USD 3.28 million. The Secretariat also approved 9 other Readiness requests related to strengthening health systems/sectors and targeting food security and the agricultural sector.

67. On the programming side, the Secretariat continues its engagement with AEs on projects that address climate-resilient recovery. Some of the efforts include unlocking the climate resilience of smallholder farmers in Africa's agriculture sector through innovative financial products, mobilizing capital to scale up climate resilience and adaptation technologies in developing countries and unlocking and de-risking private investment that enable activities that ameliorate or eliminate existing local stressors in the most resilient reefs and "climate refugia".

68. A project focused on climate-resilient recovery was presented to the Board at B.28, and most projects and programmes presented to the Board at B.29 and scheduled to be tabled at

B.30 contribute to elements of climate-resilient recovery, including generating green jobs and promoting economic recovery.

2.1.6. Deploying project preparation support for the origination of country-driven and transformational projects/ programmes

69. Seeking to expedite support for the design of innovative transformational interventions, the Secretariat worked towards meeting the 2021 Work Programme goal of approving an additional 12 PPF requests over the course of 2021 (KPI 1.2). The 2021 Work Programme also set out ambitions for further improving the efficiency of the PPF process, with a dedicated focus on enabling access for DAEs, as described above.

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

- (a) Two PPF service applications have been approved, both supporting DAEs in project preparation. Selected independent consultancy firms are providing preparation services to AEs. Additional applications from DAEs are being processed;
- (b) Technical guidance for project development is currently under development to support AEs in developing PPF applications and GCF projects. This will cover how to organize project preparation activities and include cost benchmarks for different types of project development activities as well as examples of terms of reference for such studies; and
- (c) The Secretariat also provided guidance on accessing the new PPF modalities and service rosters during the regional dialogues in the Caribbean and in the Pacific.

71. Over the reporting period, six additional PPF applications were approved, including five from DAEs (KPI 1.2). This brings the overall PPF portfolio to 43 projects, of which 30 (69 per cent) are from DAEs, amounting to 73 per cent of the approved PPF funding. The total approved amount is USD 27.2 million, of which USD 19.4 million has been disbursed.

72. The Secretariat is strengthening the provision of on-demand Readiness Programme and PPF technical assistance with a focus on supporting the development of country-driven GCF-aligned concept notes and a funding proposal pipeline for DAEs. Consultants with expertise in agriculture, ecosystems, water, land use, energy efficiency, renewable energy and transport have been hired to provide support to DAEs, in coordination with NDAs.

73. In 2021, the Secretariat approved Readiness technical assistance to support Banco Nacional de Desenvolvimento Econômico e Social (BNDES), Banque Ouest Africaine de Développement (BOAD), FondoAcción, the National Committee for Sub-National Democratic Development Secretariat (NCDDS) and the Trade and Development Bank of Mongolia (TDBM) via a roster of individual consultants. In total, 26 DAEs have received support in developing or enhancing their concept notes or funding proposals. Out of the 31 proposals developed by these DAEs, 3 have been approved by the Board while 26 proposals have been officially received by the Secretariat and are in different review stages.

2.1.7. Further consolidating the GCF network of accredited entities and streamlining the accreditation process

74. Working towards building the GCF network of AEs, the Secretariat continued to (i) further implement strategic directions outlined by the 2020–2023 Strategic Plan as relevant for the accreditation process; (ii) advance the updates to the accreditation framework; (iii) further streamline, accelerate and increase the transparency of the accreditation process, and process accreditation applications; (iv) implement the re-accreditation process; and (v) work to conclude AMAs.

75. **Operationalizing a strategic approach to accreditation:** 2020–2023 Strategic Plan alignment continues to be taken into consideration during all stages of the accreditation review, starting from defining accreditation scope through early discussions with potential accreditation candidates in the pipeline to interdivisional reviews of 2020–2023 Strategic Plan alignment during the progression of accreditation candidates from Stage I to Stage II in the accreditation process, and up to re-accreditation.

76. **Streamlining the accreditation process and advancing accreditation applications**

77. The Secretariat continued supporting the Accreditation Panel (AP) on its in-depth assessment of applications for accreditation that have successfully completed Stage I, as reviewed by the Secretariat. The applications are at different points of review in Stage II (Step 1). Due to the need to focus on re-accreditation reviews for B.30, new applicants will be processed for Board consideration at subsequent Board meetings in 2022. This is further described below.

78. In parallel, the Secretariat continued to improve the transparency of the accreditation process through the further operationalization of remaining modules of the new DAP, with a view to finalizing it by the end of Q3 2021.

79. For the existing AE portfolio, under the GCF MAF, a total of 47 AEs were required to provide their annual self-assessment report for calendar year 2020 by 28 February 2021. The Secretariat and AP are in the process of reviewing the AE institutional-level compliance reports received (34 AEs submitted by the deadline, 11 after the deadline and 1 AE is yet to submit) and will report to the Board on the outcomes of the review at B.30. A further 13 AEs were required to undertake mid-term reviews by 28 February 2021 (6 AEs submitted by the deadline, 7 AEs remaining). Additionally, for the 2020 reporting cycle, 33 IAEs were required to provide annual reports on how they intend to or have supported potential subnational, national and regional entities to meet, at the earliest opportunity, the accreditation requirements of the GCF in order to enhance country ownership (21 reports provided by the deadline and 12 reports were submitted after the deadline, with some IAEs expanding the report to include the support they provided to existing DAEs). The Secretariat is in the process of reviewing the reports and will report to the Board on the outcomes at B.30.

80. **Implementing re-accreditation:** 2021 is the first year seeing the end of the accreditation term for a number of AEs, five years from the date of AMA effectiveness. In decision B.24/13, paragraph (a) and annex XXVI, the Board adopted the re-accreditation process. The Secretariat has operationalized the re-accreditation process for AEs wishing to continue their role as GCF AEs, continuing to provide guidance to AEs, including on reporting on their portfolio evolution towards a low-carbon pathway, and working with the AP to bring re-accreditation recommendations to the Board to minimize potential lapses in the accreditation terms of AEs. Following the first two re-accreditation applications approved at B.29, a second batch of re-accreditation recommendations are being prepared for submission for B.30. The Secretariat also put additional efforts into ensuring that EWPs (for IAEs) and country programmes (for DAEs) provide a fair reflection of the AE-GCF partnership as a basis for re-accreditation review.

81. During the reporting period and in addition to four extensions previously issued in 2020–2021, the Secretariat has issued another extension to one AE following its request for a one-time deadline extension for a period of six months for the submission of a re-accreditation application; one extension was issued to provide Secretariat with sufficient time for a re-accreditation review (as per the B.22 accreditation framework).

82. **Concluding AMAs:** The 2021 Work Programme included the goal of executing 16 additional AMAs in 2021, of which 8 were with DAEs and 5 were with private sector entities (KPI 1.5). As of 31 July 2021, 9 additional AMAs were signed, of which 4 were with DAEs and 4 with private sector entities. Out of the 9 AMAs, 6 were signed during this reporting period with

the following entities: BNP Paribas S.A., IDB Invest, Kemitraan bagi Pembaruan Tata Pemerintahan, National Trust for Nature Conservation, Small Industries Development Bank of India and the United Nations Industrial Development Organization.

83. During the reporting period, the Secretariat made one more AMAs effective after the AE (United Nations Industrial Development Organization) provided the satisfactory evidence, bringing the total number of AEs able to fully engage with GCF up to 80. As at 31 July 2021, the respective AMAs are signed for a total of 14 AEs, but pending effectiveness.

84. The 19 pending AMAs that are still under negotiation include 2 AMAs with the private sector (IAEs), 16 AMAs with DAEs and 1 AMAs with IAEs.

85. In parallel to the signing of new AMAs, as at 31 July 2021 the AMAs with 5 AEs have lapsed. This brings the total number of effective AMAs to 89. All 5 AEs have been granted a six-month extension for the submission of their re-accreditation application in line with the Board decision B.26/01, paragraph (h), that allows the Secretariat to 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.

86. Two of these entities were re-accredited at B.29 (Agency for Agricultural Development of Morocco and Secretariat of the Pacific Regional Environment Programme) and are in the process of amending the AMAs for their second accreditation term that will account for new GCF policies adopted after the initial accreditation. The re-accreditation application of one entity (Environmental Investment Fund), whose AMA for the first accreditation term has lapsed, will be presented to the Board at B.30 having been recommended both by the Secretariat and the AP for re-accreditation. Another 2 AEs (Acumen and Centre de Suivi Ecologique) with a lapsed AMA that have been granted a six-month extension are in the process of preparing their re-accreditation applications. The Secretariat will also present at B.30 three more re-accreditation applications from the Development Bank of South Africa, International Union for Conservation of Nature and the United Nations Development Programme, the AEs who are approaching the end of their first accreditation term. The AEs confirmed that they are willing to engage in amending the AMA to account for new GCF policies adopted after the initial accreditation and will put the necessary resources in place to review the draft AMA.

2.2 Project development and appraisal to build an impactful GCF portfolio

2.2.1 Building the GCF portfolio and channelling project development and appraisal towards high-impact projects and programmes

87. While the early months of 2021 were focused on internal portfolio modelling of indicative programming directions for shaping the pipeline to meet the 2020–2023 Strategic Plan portfolio targets, during the most recent reporting period the Secretariat transitioned to active prioritization and alignment of the pipeline with GCF-1 portfolio targets. Programming divisions regularly briefed SMT on the status of the pipelines for B.29 and B.30 and their potential impacts on key portfolio targets. SMT provided guidance to project teams on the content of the pipeline, directing teams to prioritize work on adaptation, DAEs and private sector funding proposals. Project teams also worked with AEs to “right size” large, strategic mitigation proposals and augment the adaptation components of cross-cutting proposals with the aim of maximizing impact within GCF-1 portfolio allocation targets.

88. Following the development of the GCF-1 financial model for B.29, the Secretariat began developing key performance indicators for 2022 based on the estimated commitment authority and the GCF-1 portfolio allocation targets. While the portfolio is moving incrementally toward targets for adaptation, direct access and private sector with each Board meeting, the reduced

commitment authority expected in 2022 will make it challenging to return to portfolio balance in the short term. However, the pipeline is still malleable, so the Secretariat can continue efforts to prioritize proposals in support of these targets and begin shaping the 2023 pipeline, which is expected to have greater levels of commitment authority.

89. The Secretariat has been working towards a balanced portfolio through its review and assessment of funding proposals to be presented to the TAP and subsequently to the Board for approval. Projects and programmes prepared for B.28 and B.29 were diversified in terms of range of financial instruments, covering all of GCF's funding instruments (loans, grants, equity, guarantees). There has been a steady increase in the number and volume of projects from DAEs, projects from wide range of developing countries as well as projects under various access modalities. As of 31 July 2021, the Board had approved 19 public sector projects (nearly USD 1.4 billion) and two private sector funding proposals (USD 307.9 million). Four funding proposals were approved under the SAP modality, and three proposals from DAEs were approved.

90. Some of the public sector examples of projects approved by the Board in 2021 include the first large-scale low-emission transport project in Latin America (FP166), an ecosystem-based adaptation project in East Africa which promotes conservation and restoration of biodiversity by transforming fragile landscapes and creating climate-resilient agricultural value chains (FP167), and a coastal management and early warning system project in a SIDS in the Pacific (FP165). Private sector examples included a first-of-its-kind multi-sector mitigation fund in India (FP164) and a mitigation programme in Africa providing decentralized renewable energy (FP168) using a large GCF-backed guarantee instrument. Further information on private sector programming is provided in section 2.2.6 below.

91. In preparation for B.30 the Secretariat submitted 14 funding proposals over the course of June and July for iTAP's consideration, amounting to a request of USD 1.2 billion in GCF resources, with 57% of the funding (in grant equivalent terms) targeting adaptation action. The Secretariat has been working towards an increased overall balance in line with the strategic programming goals and is actively engaging with iTAP on their climate rationale.

2.2.2. Strengthening the consistency and transparency of project appraisal and due diligence to assure project quality

92. In response to decision B.28/03, the Secretariat and the TAP piloted a rolling review process beginning with proposals to be submitted at B.30. Following a one-month notification period, the Secretariat sent proposals to the TAP for review in three batches. The Secretariat and the TAP have agreed to meet prior to B.30 to review the pilot, discuss lessons learned and adapt plans for reviewing funding proposals for Board consideration in 2022. Engagement with TAP also focused on a second part of the B.28/03 mandate to improve the consistency and transparency of the review of funding proposals (as per decision B.28/03, para. (b)). A status update on the approach and steps taken towards enhancing this consistency is provided in Annex II to this Report. During the B.30 project review cycle, the secretariat engaged with TAP on Board mandates related to the review and assessment of the investment framework, the nature of the GCF business model as a second level institution, and the application of GCF's various safeguards policies in relation to funding proposal review.

93. The Secretariat has also advanced work on the development of an Appraisal Manual through the completion of an internal stocktake and gap analysis of tools and processes in use and under development within the Secretariat and TAP as part of second level due diligence within the project and programme appraisal cycle (first level due diligence being conducted by AEs prior to formal submission of full proposals). A procurement process is underway to identify a company with appropriate expertise to complete the compilation of the AM, using the products of the internal stocktake as the core inputs.

94. In parallel, to enhance quality assurance of proposals submitted to the Secretariat, the Secretariat has piloted a system to embed a second line of responsibility for the technical appraisal of proposals, for a proportion of the B.29 and B.30 pipelines. This has included the development of sector-specific checklists and continuous dialogue with both TAP and proposal task teams to enhance the consistency of parameters and the use of appraisal tools. As part of this new system, the Project Success Rating tool has been piloted.

2.2.3. Advancing sectoral guidance efforts

95. By the end of July 2021 the Secretariat received more than 600 comments for the first batch of sector guides released for consultation titled Cities, Buildings and Urban Systems and Agriculture and Food Security. These have all been considered and an updated consultation version (consultation version 1) will be released to the Board and other stakeholders upon finalization. The comments matrix will also be released to stakeholders explaining the actions taken by the secretariat in relation to each comment and suggestion received.

96. In addition, during the reporting period, the Secretariat concluded a three-month long consultation for the second batch of three sectoral guides which was sent to AEs, NDAs, the Board, partners and observers titled Forest and Land use, Ecosystems and Ecosystem Services and Renewable Energy (Energy Generation and Access). These have also received more than 600 comments each. The Secretariat will present a summary of the comments received through the consultation process for the next meeting of the Board. Following the consultation process, inputs and comments are being consolidated and a response matrix is being prepared. In developing the response matrix, the Secretariat will consider which comments fit technically within the version of the guides, or if these will be used in further elaborating technical annexes.

97. After B.30, five additional guides are planned to be released for consultation to the same group of stakeholders: Health and Well-being, Water Security, Energy Efficiency, Early Warning and Climate Information Services and Low-Emission Transport (KPI 2.3). Following the launch of the guides, two webinars will be organized for each of the guides to support participation across regions.

2.2.4. Scaling up the simplified approval process

98. In 2021, the GCF approved four SAP projects amounting to USD 37.5 million in GCF financing. As no further SAP projects are tabled for consideration at the last Board meeting of 2021, the low-end SAP programming goal under the 2021 Work Programme will remain unmet. The main challenges in meeting the SAP targets relate to the slow speed at which existing concept notes in the pipeline turn into full SAP funding proposals and the quality of existing proposals which require further revisions by the proposing AEs.

99. To address these issues, the Secretariat has enhanced its capacity to deliver rapid technical assistance through the PPF by deploying experts from a roster of international firms. One SAP project submitted by a DAE was supported through this mechanism. The Secretariat has also continued to improve the timing and consistency of SAP reviews by working, in coordination with the TAP, to develop an appraisal tool which will standardize and accelerate the review of SAP projects. Moreover, the Secretariat is in the process of recruiting technical experts through firms to ensure the rolling review of SAP projects and programmes (as mandated by decision B.18/06).

100. As mandated by decision B.25/08, the Secretariat continued to work on the further development of the SAP policy. During the reporting period, the Secretariat held bilateral consultations with 10 Board members from both developed and developing country constituencies. Following the bilateral consultations and in light of the comments received at B.28 during the discussion on the update of the SAP (document GCF/B.28/08), the Secretariat

revised the update of the SAP policy document, which was shared for general consultation with the Board in July.

2.2.5. Reviewing and advancing programming related to requests for proposal

101. Programming under the existing GCF RFPs continued to remain uneven, a persisting trend over the past couple of years. In line with the 2020–2023 Board Work Plan and the 2021 policy agenda, the Secretariat worked towards conducting an overall assessment of the performance and results of all GCF RFPs and the RFP modality for consideration by the Board at B.30.

102. The status of individual RFPs is as follows:

103. **EDA:** On 13 July 2021, the Secretariat, in collaboration with the World Resources Institute (WRI), conducted two consultative webinars on EDA attended by 97 participants from GCF NDAs, DAEs and IAEs, civil society organizations, the private sector, and partners from the locally led climate action community of practice. The consultations focused on (i) taking the stock of the implementation of the initial phase of the EDA pilot; (ii) identified challenges and bottlenecks; and (iii) the potential way forward for the second phase of the EDA pilot. These consultations saw the contribution of the Adaptation Fund (AF), Global Environment Facility (GEF) and the International Centre for Climate Change and Development. The outcomes of these webinars informed the Secretariat on what the main stakeholder expectations are for a new phase of the EDA pilot.

104. The good level of attendance to the EDA workshops and a significant amount of downloads of the EDA guidelines published by the Secretariat last January are signalling a growing interest from countries and DAEs in the EDA modality. This is translating into more funding proposals for EDA advancing towards approval, and the Secretariat currently expects that two EDA proposals will be considered by the Board at B.30. Further, the EDA guidelines were translated into French and Spanish and will be published on the GCF website.

105. **REDD-plus:** The funding allocation under the first phase of the REDD-plus results-based payments RFP was exhausted in 2020, with a second phase being designed in the context of the overall 2021 RFP review.

106. In developing the REDD-plus RFP for its second phase, Board members recommended that the Secretariat undertake a further analysis of alternatives for the continuation of the implementation of REDD-plus result-based payments, considering the lessons learned and that the Secretariat's findings be presented to the Board once the funds of the pilot programme were exhausted. Based on initial interviews conducted with Board members towards the end of 2020, the Secretariat prepared a document exploring possible scenarios. A virtual expert meeting was held on 4 and 6 May 2021 with Board members who expressed interest in the issue and nominated experts, as well as with active observers. It was noted that the findings of these discussions would benefit from additional inputs from developing countries' representatives because the majority of participants were from developed countries. Based on suggestions emerging from the expert meeting, a call for public inputs was conducted in June and July 2021, to which 21 stakeholders responded, both from developed and developing countries.

107. With consultations ongoing, there is a possibility that the continuation of the request for proposals may require updated terms of reference for a second phase of the GCF REDD-plus RBP programme. Additional consultations are also being considered to finalize the terms of reference for a second phase of the RFP for adoption by the Board. To fill the gap in the provision of results-based payments and respond to continuing demand while allowing the Board to update and adopt revised terms of reference, a two-pronged approach is proposed at B.30 under the overall RFP review, as follows:⁹

- (a) In the short term, an allocation of up to USD 100 million is proposed to supplement funds allocated to the pilot programme by decision B.18/06 for adoption by the Board at B.30, with the aim of enabling eligible countries to access REDD-plus RBPs using the pilot programme; and
- (b) In the medium term, draft terms of reference are presented for a second phase of the RFP. The draft contains a range of options compiled through consultations with stakeholders to date, with a view to establishing a second phase of the GCF REDD-plus RBP programme before the end of 2022.

108. **MFS:** With the approval of two MFS projects at B.27, the RFP had used USD 263 million of the USD 500 million allocated by the Board. No further MFS projects were brought forward at B.29 or are being tabled for B.30, but there is a possibility of one additional proposal being developed for B.31.

109. **MSME:** No further progress has been made on approving additional MSME proposals. The three outstanding shortlisted proposals submitted previously under this RFP are under the same status as previously reported. Two have not been advanced by the respective AEs and remain inactive, while for the third one, the AE has limited accreditation scope.

2.2.6. **Strengthening engagement with the private sector and developing a private sector strategy**

110. Strengthening engagement between the GCF and the private sector included pipeline development efforts in light of the new 2020–2023 Strategic Plan programming ambitions; conducting private sector outreach to key stakeholders; and advancing a private sector strategy for Board consultation and consideration at B.30.

111. The Secretariat continued to engage with private sector AEs that have the capacity to develop an innovative pipeline of private investments and unlock finance at scale. This also included encouraging a broader use of risk mitigation instruments, particularly for adaptation projects. The result has been a larger use of guarantee instruments for the private sector projects approved at B.29, as well as a growing pipeline of equity- and guarantee-related projects focused on technology and e-mobility, and projects that target support for ocean-related adaptation or deploy guarantees for green bonds. A number of these will be presented at B.30, including three private sector adaptation proposals. Given the time required to fully structure more complex private sector projects, a number of proposals are expected to mature into 2022.

112. Private sector engagement efforts included ongoing engagement with the Network for Greening the Financial System, and GCF is seeking to upgrade its membership to become an Observer of the network, which will further its efforts to promote green finance policy development. Similarly, the Private Sector Facility is developing an initiative to encourage AEs and NDAs to adopt the recommendations from the Taskforce on Climate-related Financial Disclosures and Partnership for Carbon Accounting Financials, potentially through the Readiness Programme with development partners such as United Nations Environment Programme and the Deutsche Gesellschaft für Internationale Zusammenarbeit. Similar engagements have been undertaken to connect with potential new private sector partners, such as corporates looking to achieve net-zero emissions in their operations and supply chains in developing countries, and learn how GCF may be able to structure projects to raise alternative sources of funding.

113. The Private Sector Facility continues to actively engage in a wide variety of private sector events consistent with its outreach strategy in coordination with other parts of the GCF, including to support country, AE and wider market engagement with a key outreach initiative being to host the very successful annual GCF Private Investment for Climate Conference, which

this year will support the operationalization of the Private Sector Strategy and pipeline of funding proposals consistent with the Updated Strategic Plan.

114. Most notably during the reporting period, the Secretariat advanced work towards the development of GCF's Private Sector Strategy and convened a multi-stakeholder working group with representatives from institutional investors, asset managers, foundations and others to seek input on its development. In developing the Private Sector Strategy, the Secretariat has looked towards activities which can further diversify and enhance the GCF private sector portfolio from one that has historically been dominated by international access, public AEs and mitigation/energy projects towards seeking to work with a more diverse range of private sector actors, including national and regional DAEs and local private sector actors, on a more diverse range of projects, and in particular, an increased number of adaptation projects. These efforts will also aim to make use of the GCF's risk appetite and full range of financial instruments to strengthen GCF's investment in innovation, including early-stage financing for climate technologies and enterprises, as well as greater use of equity and guarantees to de-risk private investment and mobilize finance at scale. Related matters under Board consideration, such as the review of financial terms and conditions, prospects for local currency financing, improving use of the GCF guarantee instrument, and PSAA could have a significant impact on these efforts.

2.2.7. Maintaining highest standards of integrity and safeguarding across the GCF portfolio

115. Under its portfolio-building activities the Secretariat continued to uphold the highest standards of integrity and safeguarding across operations through the ongoing operationalization of the Anti-Money Laundering and Countering the Financing of Terrorism Policy (AML-CFT Policy), the Compliance Risk Policy and the Updated Gender Policy (UPG), Indigenous Peoples Policy (IPP) and Environmental and Social Policy (ESP).

116. Work towards advancing and implementing the GCF integrity and compliance policies included the following:

- (a) Reviewing and scrutinizing high volumes of documents relating to funding proposals, readiness proposals as well as AMAs to ensure compliance with the AML/CFT Policy and Compliance Policy. All funding proposals shared were screened to ensure compliance with United Nations Security Council financial sanctions and reviewed to conduct second level due diligence focusing on money laundering/financing terrorism (ML/FT) risks. All disbursements requests were screened against United Nations Security Council financial sanctions;
- (b) Continuous awareness-raising on ML/FT risk identification and building capacity around GCF's integrity standards. Targeted training on tools to enhance screening capabilities with Dow Jones (Factiva) within the Secretariat was conducted, including on the adverse media functionality of the tool, enabling responsible units to flag a broader range of potential issues for compliance review. A basic web-based training module on ML/FT awareness and prevention targeting new staff has also been rolled out;
- (c) Ongoing engagement with the IIU to finalize the SOPs to operationalize the AML/CFT standards adopted by the Board at B.23. After several rounds of revisions and efforts to interpret the AML/CFT standards from a broader ML/FT risk identification and mitigation rather than a pure counterparty due diligence perspective of GCF operations, the SOPs were finalized and are now with IIU for discussion and further processing with the EAC. The swift approval and adoption of these SOPs is crucial to outline the delineation of responsibilities within the Secretariat's first and second lines of defence and to standardize the due diligence efforts undertaken on funding as well as due diligence on GCF counterparties, including AEs. With their approval and implementation, resource implications will be addressed to assure that ML/FT risks and

- associated prohibited practices concerns will be adequately assessed and mitigated as the AML/CFT standards require; and
- (d) On-going digitalization of compliance workstreams with the help of a compliance management system, also known as the Governance Risk Compliance System. Relevant workstreams have undergone a prioritization exercise to further prepare procurement and selection of a suitable provider of the tool in order to minimize future customization efforts. Finally, the preparations to undertake the first GCF-wide annual Compliance Risk Assessment, which will be based on the Risk Control Self-Assessment (originally planned for late 2021 to early 2022), have been paused until a clarification of the budget is reached to allow for the performance of such.
117. The Secretariat continued to undertake routine assessments of all funding proposals to ensure that they are compliant with the Environmental and Social Policy, the updated Gender Policy and the Indigenous Peoples Policy, as follows:
- (a) The Secretariat continued reviewing all funding proposals that go to the Board against GCF's safeguarding policies, in addition to concept notes, national adaptation plans, country programmes and EWPs, and readiness and PPF proposals. Support is also given to AEs on a case-by-case basis to help them comply with all policy requirements under the ESP, Gender Policy and Indigenous Peoples policy. In addition, the Secretariat reviews the implementation of activities through the APRs to ensure full adherence with the ESP, UGP and IPP. Relevant good practices, including potential challenges, are captured and noted through this exercise, and this informs the reaccreditation processes through a safeguarding-, indigenous- and gender-lens;
- (b) The Secretariat's work on reviewing the funding proposals includes an assessment of systems, frameworks or plans to avoid, minimize or mitigate risks and/or impacts; and checks that stakeholders have been consulted in the development of funding proposals and are continually engaged during implementation. The reviews ensure that adequate institutional arrangements are in place to implement, monitor and continuously improve required management measures and procedures, including grievance redress mechanisms. The secretariat also engages at the national-level on ESS to build the capacity of AEs (particularly DAEs) and NDAs;
- (c) During the reporting period, the Secretariat finalized the procurement of a consulting firm to support the development of GCF's own ESS standards, and work is expected to commence in August;
- (d) The process to revise the ESP, in the context of SEAH, also made good progress. The Secretariat held further consultations with public observers and AEs, and relevant revisions were incorporated into the draft. This was subsequently released to the Board for approval through a decision proposed without a Board meeting;
- (e) The Secretariat also continued collaboration with other organizations and initiatives on gender, for example the Action Coalition on Feminist Action for Climate Justice, to solidify commitments. It also engaged in high-level participation in the Roundtable Discussion on Financing Climate and Environmental Actions to Advance Gender Equality and Women's and Girls' Empowerment in May 2021, and the Generation Equality Forum held in June/July 2021. Furthermore, the secretariat engaged at the technical level in two national-level workshops and one regional-level conference to help build understanding on the UGP; and
- (f) Progress on the establishment of the Indigenous Peoples Advisory Group continued, with the timeline and terms of reference undergoing internal discussion. In addition, the Secretariat has engaged with indigenous peoples' organizations and attended relevant meetings to continue to build partnerships in this area, including through the Inter-

Agency Support Group of the United Nations Permanent Forum on Indigenous Issues and IFAD.

2.3 Management of portfolio implementation for results and knowledge

2.3.1. Accelerating portfolio implementation

118. The Secretariat saw noticeable progress continue up to the mid-point of 2021 in terms of both accelerating implementation through adaptive management and strengthening internal portfolio management systems.

119. As of 31 July 2021, a total of 153 FAAs had been signed for the 177 funding proposals approved by the Board for which approval has not lapsed, and 9 FAAs were signed during the reporting period (KPI 3.1) (seven public sector funding proposals and two private sector funding proposals).¹ Further details on the status of FAAs can be found in the related limited distribution document (see document GCF/B.30/Inf.11/Add.01). As 8 new projects have started implementation during the reporting period, the total number of projects under implementation reached 134 as of 31 July 2021, which accounts for 76 per cent of the total portfolio, exceeding the 2021 Work Programme's target of 75 per cent.

120. Worth USD 5.8 billion in GCF funding, these projects are being implemented across 114 countries and by 37 AEs. The average implementation rate of these projects is 35 per cent, meaning that about two years have passed against the average implementation duration of 6.5 years.² An additional 20–27 projects are expected to enter into implementation during the third and fourth quarters of 2021, which would lead to 154–161 projects under implementation in total or approximately 81–84 per cent of the total portfolio, taking into account anticipated approvals at B.30. The approved volume for projects under implementation is also expected to increase from the current level of USD 5.8 billion to between USD 6.6–7.4 billion by the end of 2021.

121. The disbursement rate has increased by 3 per cent from the last reporting period, totalling 35 per cent (USD 2.0 billion) of the amount of USD 5.8 billion in GCF funding for projects under implementation. A total of 11 approved projects have received full disbursements, including 6 REDD-plus projects. Of that amount, 30 per cent has been disbursed for private sector projects and 70 per cent for public sector projects.

122. Although the disbursement targets, which were set out in the 2021 Work Programme and based on project-level assessments, are quite conservative as implementation challenges were expected due to the ongoing pandemic context, the Secretariat has already met the lower range target; A total of USD 2.0 billion has been disbursed as of July 2020, while the target was between USD 1.9–2.1 billion.

123. Due to close engagements with AEs and adaptive management measures taken by the Secretariat, project implementation has advanced better than expected and the Secretariat expects to exceed the higher-range target of disbursement. The details of these adaptive management measures are further elaborated in the section below. The cumulative

¹ The seven public sector funding proposals for which FAAs have been executed during the reporting period are FP116, FP133, FP138, FP143, FP157, SAP023 and FP167. The two private sector funding proposals for which FAAs have been executed during the reporting period are FP140 and FP148.

² The period between FAA effective date and estimated project completion date as defined in the respective FAAs.

disbursement is currently expected to fall in the range of USD 2.2–2.5 billion³ by the end of 2021.

2.3.2. Strengthening portfolio management and evolving adaptive management techniques

124. To strengthen its portfolio management, the Secretariat has launched the first version of the Portfolio Performance Management System (PPMS) for funded activities in January 2021. The system has not only allowed AEs to submit reports such as the APRs online but also streamlined communications related to the report review and feedback process within the Secretariat's inter-divisional review teams and between the Secretariat and AEs, thereby increasing the efficiency of GCF support provision to AEs. During 2021, the Secretariat has been upgrading the PPMS to process disbursement requests from AEs and include an internal approval on the system. The Secretariat also intends to launch the same system for the Readiness Programme in early 2022 to accelerate its digital transformation. Further work is being undertaken to integrate the PPMS with GCF's other management systems such as the digital accreditation platform, the integrated portfolio management system and the financial management system in order to achieve seamless exchanges of information across the Secretariat and independent units to facilitate real-time monitoring of portfolio risks and risk management actions.

125. The Secretariat has also developed two user guides on PPMS for external and internal stakeholders: (i) the external guide aims to provide AEs with essential information on how to submit APRs and inception reports in PPMS; while (ii) the internal guide covers the Secretariat's review of reports. These will be updated following the development of the PPMS disbursement modules.

126. The Secretariat is also making concerted efforts to develop and improve its evidence-based decision-making mechanisms by strengthening its data collection, analysis, management and dissemination. A preliminary study to develop the GCF portfolio data management strategy was completed in May 2021 following extensive consultations across the Secretariat with comparator/peer agencies and a select number of AEs. Once launched, a cross-divisional team will develop and implement an integrated data management and governance initiative. One example is the development and operationalization of the integrated project/programme risk and performance management framework and dashboards on the PPMS, which will help the Secretariat access integrated data from multiple divisions in one place and make evidence-based decisions.

127. In parallel, the Secretariat has continued to provide necessary tools and guidance to AEs as the portfolio is increasingly maturing. First, a Project Completion Report template was officially published and shared with AEs to use for projects/programmes that are coming to closure and share valuable lessons and knowledge gained throughout implementation. Another important tool shared with AEs is a sample terms of reference (TOR) for evaluators to be hired to conduct interim and final evaluation of projects/programmes. The TOR lays out the overall evaluation scope, criteria and a methodology as well as expected outputs and deliverables which could serve as a useful reference, particularly for AEs without sufficient M&E capacity in place.

128. As previously reported, the COVID-19 pandemic adversely impacted on the expenditure rates with projects/programmes reporting slowdown in project/programme activities due to travel restrictions and lockdowns, supply chain bottlenecks, liquidity tightening and financial

³ The projection is as of 30 June 2021. The disbursement projection is revisited every quarter. The projection is based on a combination of (i) information provided by AEs; (ii) indicative disbursement schedules in FAAs; and (iii) the Secretariat's estimation, for example, on when FAAs will be signed for the projects and how long it will take from FAA execution to first disbursement.

challenges. Section 2.3.1 above indicated that adaptive management practices enabled AEs to process disbursements, and the Secretariat continued to engage with AEs on implementation.

129. The Secretariat received a higher-than-usual number of extension and waiver requests relating to the submission of FAA-related conditions prior to disbursements, baseline assessments and inception reports. Compared to 2020, where the Secretariat received 12 waivers, 22 extensions and 8 restructuring requests, up to the mid-point of 2021 the Secretariat has received 34 extensions, 8 budget reallocations, 8 waivers, 4 co-financing requests, 1 use of contingency budget requests, and 5 restructuring requests. Some of the measures included allowing budget reallocations for more flexibility in the use of GCF proceeds and extensions of project timeline and durations (closing and completion dates). It has also provided flexibility for disbursement schedules to allow for continued implementation while allowing more time to comply with conditions that need to be met prior to execution of certain activities. Given the ongoing COVID-19 travel restrictions, the Secretariat has had to shelve its original plans for undertaking project spot-checks and site visits. However, to allow for effective monitoring, the roll-out of early risk warning systems and trigger risk management procedures under the PPMS has helped in the early notification of problematic projects. This will be extended to the Readiness Programme in 2022. The Secretariat has also been engaging with the IIU to provide all necessary data for the roll out of its machine learning models to determine project-level integrity risk ratings. The models use text extraction and natural language processing of project documents to identify “red flags”. This enhances GCF’s Risk Management Framework, helps NDAs and AEs respond to risks and build resilience and provides a holistic view of risk - including integrity risk, implementation risks and project specific risks.

130. Under annual performance reporting, the challenges reported by the AEs provided insights into the lessons learned from implementation, and these are being integrated into project monitoring processes by the Secretariat. The key lessons learned are described in the following paragraphs.

131. **Funded activities:** Political transitions and policy changes continue to add risks to project implementation, making continuous engagement with incoming new public officials critical for effective project/programme coordination. The need to include contingency funds in future projects/programmes budgets as well as constant communication with co-financers is also now required to ensure continued progress during implementation. Delays in disbursements, lack of co-financing, and budget reallocations were some of the most common financial challenges for funded activities. On one side, contingency funds would help to absorb sudden costs without requiring GCF’s prior approval, while communication with co-financiers is necessary when co-financing is delayed. Another emergent issue is the shifting of government priorities to tackle COVID-19, resulting in concerns about materialization of the co-financing commitments.

132. **Readiness:** Similar challenges have been consistently reported, including delays in recruitment of experts and procurement, change of governments, and unrealistic timelines from a lack of planning. As portfolio implementation challenges grew due to the pandemic, the quality of reporting has also been undermined. As underperformance and slow project progress had been notable under progress reports, the Secretariat has guided deliver partners (DPs) and NDAs to update the underlying risk assessments and work plans. To ensure an effective delivery of project activities, NDAs have highlighted that effective stakeholder engagement remains of considerable importance, but they required more flexibility in terms of reducing the scope of national stakeholder consultations. Additional flexibilities were also needed for increasing budget reallocations across cost categories (e.g. from training and workshop budget to procurement of additional consultancy resources and a setup of virtual working arrangements) and using contingency budgets without seeking prior approval from the Secretariat. While this resulted in a few additional amendment requests, the Secretariat’s proactive offer of COVID-19 blanket extensions successfully fulfilled project implementation timeline extensions.

133. These lessons learned have provided valuable insights on what works for effective implementation and which areas will require persistent attention from the Secretariat going forward.

2.3.3. Enhancing portfolio management for results

134. As part of the value chain of fiduciary duties on portfolio management, the Secretariat has continued strengthening results management by enhancing the quality at entry of funding proposals, concept notes, readiness grant proposals and national adaptation plans.

135. During the reporting period, the Secretariat provided M&E guidance in the review of 15 funding proposals submitted for CIC endorsement and 11 concept notes and funding proposals at earlier stages of development. Guidance focused on improvements in the articulation of project/programme goals, strengthening of the causal logic in project and programme interventions, as well as linkages, barriers, risks and assumptions in the projects/programmes' theories of change. Furthermore, guidance was provided on the selection, design and reporting requirements on indicators in logical frameworks based on the Results Management Framework/Performance Management Frameworks (RMF/PMFs) and the project/programme context. Beyond the consistent application of guidance under the Programming Manual, review consistency has been enhanced through a new peer review system within the Secretariat, which helped harmonize internal comments.

136. Technical guidance for building the M&E capacities of AEs, NDAs and DPs was also provided in two consultations in May 2021 as well as in the GCF Programming Dialogue with the Pacific in June 2021. In July 2021, the team also joined the 3rd workshop of the Climate Funds Collaboration Platform on Results, Indicators and Methodologies for Measuring focused on the specific features of adaptation results management with the AF, the GEF and the Climate Investment Funds. In addition, following the Board's conclusion of the mandate for "Addressing gaps in the portfolio for measurement (M&E Gaps)" at B.28, the Budget Committee cleared the Secretariat's budget proposal for Phase I of the remedial measures during the reporting period. Following the subsequent Board approval of the budget, the Secretariat has started the process for retaining a vendor to support the remedial measures under Phase I.

137. In terms of reviewing progress reports for results, the Secretariat has been able to already exceed the annual targets, having reviewed 165 readiness reports and 74 APRs for funded activities. These results were delivered through a combination of efficiency gains captured through enhanced digitalization and deployment of additional staff and consultants to supplement capacity gaps, and through the commitment of its employees who have often gone above and beyond to deliver.

138. A major milestone during this reporting period was the Board's adoption of the IRMF at B.29. This was a result of joint efforts by the Secretariat, Board members and the Co-Chairs of the Board, who participated in a series of consultation sessions prior to and during B.29. Since its adoption, a cross-Secretariat policy implementation team has been set up to oversee all activities required for making the policy effective. Work is currently underway to: (i) revise the GCF funding proposal template to reflect the IRMF; (ii) develop the accompanying results handbook to assist AEs in reporting against the IRMF indicators; and (iii) set up and launch the new dedicated funding window under the Readiness Programme to support DAEs in implementing the IRMF.

2.3.4. Harvesting, codification and dissemination of lessons learned and best practices

139. To support the effective capturing of results, the Secretariat has been developing a Readiness Knowledge Bank 2.0 (RKB 2.0) to centralize data and outputs from Readiness Programme grants, covering all implementation and completion reports, workshop and event-based reports, stakeholder training reports, and information related to concept note/country

programme/funding proposal development. By analytically processing the available information into case studies and knowledge products, the RKB 2.0 seeks to consistently capture the results of the world's largest climate capacity-building programme. Implementation of the RKB has been done in parallel with setting up the Readiness PPMS, which builds on the Readiness Results Management Framework. Both the RKB and Readiness PPMS will continue to be developed in a phased approach over the course of 2021 and 2022.

140. As at the end of the reporting period, an information architecture (IA) for the RKB 2.0 has been established to better categorize and systematize the range of reports captured. The IA will also be supported by the GCF taxonomy system, which will automatically add relevant tags to the various documents to improve data navigation and accessibility within the RKB 2.0. A preliminary analysis of the readiness grant repository has been carried out and completed. The analysis indicates that of 423 grants, 210 grants meet the minimum threshold to be included in the first iteration of RKB 2.0 by having at least an inception report submitted.

141. In addition, an analysis carried out by an external vendor has identified completed concept notes that will be included as part of RKB 2.0. The next step is to transfer data under the 210 grants over to RKB 2.0 and make them accessible to the Secretariat. The final version of the RKB 2.0 will be hosted on the GCF intranet (SharePoint). The site will feature a user-friendly interface, with easy access and navigation to the various grants and areas of interest. The Secretariat aims to have this ready by end of this year. The vendor also performed an analysis of the Secretariat's current portfolio of approved Readiness grants under implementation and provided specific recommendations, challenges and enabling factors for improving the efficiency and effectiveness of how these grants are managed.

2.4 Supporting the Board and helping to advance the consolidation of the GCF policy and governance framework

2.4.1 Supporting informed Board decision-making

142. Following the successful onboarding of three new Board Members in 2021 and a new pair of Co-Chairs at the start of the year, the Secretariat has launched and managed during the reporting period the process to select the members for the fourth term of the Board, which will take place from 1 January 2022 to 31 December 2024.

143. The Secretariat has also begun developing a Secretariat-wide strategy for upstream engagement with Board members in preparation of Board meetings. Part of this undertaking includes updating onboarding materials and processes as well as a dedicated handbook for members and the Co-Chairs.

144. With Board meetings continuing in a virtual format, the Secretariat undertook a range of preparatory activities for B.29, including (i) regular coordination calls with the Co-Chairs; (ii) providing technical support to Board members to ensure their full participation in a virtual meeting; (iii) holding technical sessions on funding proposals, accreditations proposals and other documents being considered at the meeting; and (iv) supporting the conduct and successful conclusion of B.28 using the Zoom web-conferencing platform. These activities also included supporting the preparation and issuance of Board meeting documents, implementing Board consultation processes between meetings, and post-meeting reporting. Additional details on the support provided by the Secretariat in the consultation processes can be found in section 2.4.2 below.

145. Thirteen draft decisions were presented to the Board for consideration as part of the provisional agenda for B.29. Of these, seven decisions were taken, captured in document GCF/B.29/14 titled "Decisions of the Board – twenty-ninth meeting of the Board, 28 June – 1 July 2021". These most notably include decisions related to the approval of the IRMF, the

reaccreditation of AEs, and the approval of funding proposals. Factors contributing to the non-adoption of draft decisions may be, among other things, the high number of agenda items included for the time allotted for the formal meeting, the complexity of agenda items requiring further consultation with Board members, discussion on procedural points, and the virtual modality. The lack of in-person meetings may also reduce the ability of the Board to efficiently discuss matters due to differences in time zones, connection problems and inadequate communication channels. Reducing such issues in decision-making may require more comprehensive discussions among the Board prior to the Board meeting with appropriate consultation modalities, making use of decisions proposed without a Board meeting, providing advanced clarity and consideration on procedural matters, and continued technical support for Board members to aid their consideration of matters.

146. The Secretariat also transmitted proposed decisions without a Board meeting to the Board with the approval of the Co-Chairs. As part of this work, the Secretariat assisted the Co-Chairs with responding to questions from Board members in relation to the proposed decisions and supporting their discussions with Board members in cases where objections were received. The decisions without a Board meeting for the reporting period are covered in documents GCF/B.29/Inf.03 titled “Board decisions proposed between the twenty-eighth and twenty-ninth meetings of the Board” and GCF/B.30/Inf.13 titled “Board decisions proposed between the twenty-ninth and thirtieth meetings of the Board”.

147. During the reporting period, thirteen draft decisions without a Board meeting were proposed, two of which were subsequently revised and proposed again to the Board (documents GCF/BM-2021/08/Rev.01 and GCF/BM-2021/14/Rev.01) and one which was a revision of a proposed decision initially shared prior to the reporting period (document GCF/BM-2020/18/Rev.01). As at the end of the reporting period only one decision is pending approval by the Board (document GCF/BM-2021/15). This signals a successfully increased use of decisions proposed without a Board meeting to approve a wide range of matters, including on: administrative matters such as personnel recruitment or appointments; audited financial statements and terms of references; accreditation of observer organizations; the launch of the second performance review of the GCF; policies; and decisions to progress policy development and operational activities. Proposed decisions without Board meetings may continue to be a useful modality for the Board to make additional progress in its annual work plans and decrease the number of items on Board meeting agendas.

148. The OGA continues to work closely with the Co-Chairs to enable them to prioritize and sequence policy items, reviews and evaluations under the Board Work Plan and the Board agendas. This includes daily contact and coordination with them and their teams, as well as the long-term establishment of a Secretariat policy agenda proposal. Preparing and providing detailed materials to the Co-Chairs in advance of meetings, including recommendations and analysis on the prioritization and sequencing of policy items, reviews and evaluations under the Board Work Plan and Board agendas, is ongoing.

2.4.2. Support delivery of the GCF policy agenda

149. To support the Co-Chairs in the consideration of policy items, reviews and evaluations in 2021, the Secretariat worked internally at the start of 2021 to propose a policy agenda in line with the 2021 Board Work Plan. Based on the policy agenda and the outcomes of B.28, the Secretariat provided suggestions and clarifications to the Co-Chairs to support the sequencing of items for B.29, determining what kinds of consultations and engagements may be advisable given outstanding areas for discussion with a view to advancing the papers towards consensus.

150. As at the end of July 2021, the Secretariat had prepared 16 items for consideration by the Board, Co-Chairs or committees: ten drafts that were published for B.28 or B.29 for decision or information (“Addressing gaps in the portfolio for measurement”, “Evaluation Policy”,

“Revised SEAH Policy”, “Update on the operations of the independent Technical Advisory Panel”, “Integrated Results Management Framework”, “Update of the simplified approval process”, “Mapping of elements related to project or programme eligibility and selection criteria”, “Policy on Concessionality”, “Policy on incremental cost and full cost methodologies” and “Guidance on the approach and scope for providing support to adaptation activities”); two new drafts that was released for Board consultation in July (“Steps to advance the climate rationale of GCF-supported activities” and “Policy on Programmatic approaches”) and four items led by committees or the Co-Chairs (“Analysis of options to minimize currency fluctuations”, “Review of financial terms and conditions”, “Updated Accreditation Framework and PSAA” and the “Review of committees, panels and groups”). As at the end of the reporting period, the Secretariat had prepared 72 per cent of the Secretariat-led policies in the 2021 policy agenda (12 items) under the 2021 Board Work Plan (KPI 4.1). Of these, four items were concluded in total by the Board in 2021.

151. Given the ambitious policy agenda for 2021 the Secretariat, in consultation with the Co-Chairs, deferred two items to 2022: the “Policy on alternative contributions” and the “HR Legal Framework” (proposed to be considered after the Board considers the USP Capability Review and the Updated Salary Structure in 2021). With three more items completed after the end of the reporting period the Secretariat expects to be close to meeting the annual target by the end of the year.

152. The Secretariat also supported and managed the Board consultations in advance of B.29 for the items under its mandate. Most advanced consultations took place on the IRMF up to B.29, in parallel with consultations on the update of the SAP modality. Four drafts were subsequently released for a new round of written Board consultations after B.29.

153. The Secretariat was guided by the principles of ensuring symmetrical consultations with Board members from developing and developed countries, and to provide transparency to the consultation process. Various products were developed and made available to all Board members, including a consultation plan indicating items and modalities of consultation; matrices of comments received during the documentation review period; summary notes with the outcomes of bilateral consultations; recordings from technical sessions; and notes from informal meetings prior to B.29. Following the consultation modalities and events, the Secretariat worked to integrate comments into the relevant documentation, with the aim of producing an agreeable text.

154. All Secretariat-led policy proposals continued to be refined and elaborated following the internal policy cycle and quality standards developed in the context of the draft Policy Manual, overseen by the internal Climate Policy Committee, which ensures a collaborative cross-Secretariat process towards developing robust high-quality policy proposals. During the reporting period, the Secretariat continued work towards finalizing the Policy Manual through final editing and graphic design work, and it is expected to be published internally in Q3 2021.

155. The Secretariat has also advanced work on developing the terms of reference for conducting the overall policy review called for under the 2020–2023 Strategic Plan and the 2020–2023 Work Plan. The policy review is a first initiative of its kind and will seek to carry a cross-cutting examination of GCF’s current policies to assess overall coherence, progress in policy implementation, and policy impact on GCF operations. It is currently planned to be presented to the Board in 2022.

2.4.3. Enhance accountability to the Conference of the Parties

156. In compliance with paragraph 4 of the Governing Instrument for the GCF, the GCF is accountable to and functions under the guidance of the COP. Over the reporting period, the Secretariat continued to deliver on its mandate to address COP guidance, in alignment with its corporate KPI 4.5., including through collaboration with the UNFCCC, timely preparation of the

GCF report to the COP, and engagement with thematic bodies of the UNFCCC and its Technology Mechanism.

157. Prior to B.29, the Secretariat submitted to the Board the draft of the tenth report of the GCF to the COP (document GCF/B.29/03). Further to the submission of this report, an addendum (GCF/B.29/03/Add.01) was issued to reflect on the progress relating to the privileges and immunities of the GCF for the consideration of the Board. The Board did not take the decision at B.29. Subsequently, the draft tenth report was proposed to be adopted as a decision proposed without a Board meeting, and the Co-Chairs received two objections from the Board. The Co-Chairs remain in consultation with the objecting Board members to resolve the concerns raised by the respective constituencies.

158. The Secretariat continued to engage in the UNFCCC process, including by participating virtually in the sessions of the subsidiary bodies from 31 May to 17 June 2021. Additionally, the Secretariat organized a series of informal consultations with the working units of the COP Presidency in preparation for the GCF's strong presence at the twenty-sixth session of the Conference of the Parties (COP 26) in Glasgow. In view of enhancing engagement between the secretariats of the GCF and UNFCCC, the third virtual meeting of the senior management teams of the secretariats was organized on 20 May 2021. The meeting was arranged to consolidate and articulate the joint efforts such as enhancing collaborations on two fronts, namely adaptation finance and nationally determined contribution (NDC) ambition.

159. During the reporting period, the Secretariat continued its engagement with constituted bodies of the UNFCCC by providing technical inputs and attending events organized by the respective bodies, including the twenty-fifth meeting of the Standing Committee on Finance (SCF 25) held from 6 to 8 September 2021; the twenty-third meeting of the Technology Executive Committee (TEC 33), the eighteenth meeting of the Climate Technology Centre and Network (CTCN) Advisory Board and the joint session of the TEC and CTCN held from 7 to September 15 2021; the fortieth meeting of the Least Developed Countries Expert Group (LEG 40) held from 10 to August 13 2021, and; the fourteenth meeting of the Executive Committee of the Warsaw International Mechanism for Loss and Damage associated with Climate Change Impacts (WIM 14) took place between 7 and 24 September 2021. Furthermore, pursuant to the decision B.13/11, the Secretariat has initiated preparation for the organization of the sixth Annual Meeting of GCF with the Constituted Bodies of the UNFCCC, which will be held during the COP 26.

160. In addition to its active engagement in the Technology Executive Committee (TEC) 33, the Secretariat further contributed to the development of a TEC-mandated technical paper on experiences and lessons learned from support for climate technologies provided by the operating entities of the Financial Mechanism. The document aims to help form a basis for a subsequent policy brief to the COP and the Conference of the Parties serving as the meeting of the Parties to the Paris Agreement. In addition, the Secretariat initiated an early discussion with the Climate Technology Centre and Network (CTCN) aimed at strengthening the collaboration between the two organizations. The Secretariat participated actively in the CTCN events, including "2021 CTCN Asia-Pacific Forum on Accelerating Climate Action through Climate Technology" on 7 July 2021, sharing GCF's expertise and experiences associated with delivering climate technology mandates. The Secretariat, via the Private Sector Facility, also continues to develop an incubator and accelerator approach to upscale its support towards climate innovation as part of the overall RFP review and update.

2.4.4. Promoting institutional-level complementarity and coherence with other climate funds

161. In line with the Operational Framework on Complementarity and Coherence adopted by the GCF Board in 2017, the Secretariat continued to seek ways to enhance its collaboration with

the other climate finance mechanisms and advance the Climate Funds Collaboration Roadmap 2020–2021, which coordinates engagement across eight strategic activities under four pillars.

162. One of these activities, the Climate Funds Collaboration Platform on Results, Indicators, and Methodologies for Measuring Impact, has continued to serve as an avenue to exchange information on portfolio M&E across all of the funds' portfolios through three workshops in 2021.

163. Furthermore, the Secretariat continued to work with the AF on advising and providing countries with incentives to scale up successful smaller projects funded by the AF with resources from the GCF. The process encompasses five phases; currently, both funds are initiating phase number four, which entails outreach to national focal points to seize appetite for scaling-up selected projects under GCF country programming engagement efforts. In addition, the GCF and AF Secretariat jointly continued supporting the development of a GCF readiness proposal aimed at strengthening the capacity of DAEs through the CPDAE. Efforts culminated in the first submission of the readiness proposal on 30 June 2021. The CPDAE is one of the core activities agreed in one of the pillars of the Climate Funds Collaboration Roadmap 2020–2021.

164. Similarly, a long-term vision for cooperation between the GCF and the GEF was approved during the GEF's 60th Council Meeting last June. This will enhance the efforts of complementarity action to generate sustainable and long-lasting impact results for both funds. This strategic document will be presented for Board consideration at B.30.

165. The iterative analysis of the GCF project pipeline shows a constantly increasing number of proposals with strong elements of coherence and complementarity. At the moment, 51 of the 180 projects in GCF's portfolio embed aspects of complementarity and coherence with other funds and organizations. As part of its review of EWPs, the Secretariat also seeks to advise AEs on strengthening complementarity and coherence components to inform their further development of funding proposals.

166. Finally, the Secretariat started planning for the fifth Annual Dialogue of Climate Funds on the sidelines of COP 26. The event will stocktake progress against agreed joint activities and will serve as an avenue to discuss further collaboration options for supporting developing countries in devising climate-resilient measures and implementing their NDCs.

2.4.5. Advancing policy implementation and setting up monitoring mechanisms for implementation

167. The 2021 Work Programme included a new goal of consolidating arrangements for policy implementation and monitoring (KPI 4.4). This was in recognition of the growing actions and mandates emerging from the Board's approval of new policies, as well as the challenges or delays that may hinder policy implementation. This priority reflects the need to move towards a more standardized approach to policy implementation and monitoring, as set out under the Policy Manual.

168. Work towards this goal began in 2021 with the adoption of two new policies at B.28. The implementation processes began following their approval and have served to inform subsequent policy implementation processes, as follows:

- (a) For the two policies adopted by the Board at B.28, the "Update on the operations of the Independent Technical Advisory panel" (decision B.28/03) and "Addressing gaps in the current portfolio for measurement" (B.28/02), implementation is well underway and further described under sections 2.2.2 and 2.3.3, above, respectively. The Secretariat also worked on a proposal to align the remuneration of the members of the iTAP with other panels of GCF and of comparable multilateral institutions, with a view to presenting the results at the 30th Board Meeting. The Secretariat has contacted a range of partners, including multilateral development banks, UN agencies, and international

development funds, to gather inputs on their peer review processes for projects prior to their approval. Due to the unique mandate of the GCF, it has been challenging to find a direct comparison to the role of iTAP within GCF's appraisal cycle. The Secretariat is developing a tool to compare cost scenarios for different combinations of a fixed retainer and variable amount per proposal and role, in order to project the overall remuneration of iTAP depending on the amount of Funding Proposals reviewed. This will be presented to the Budget Committee when finalized. Furthermore, the Secretariat, in coordination with the Investment Committee, is currently undergoing procurement for a consulting firm to undertake a performance review of iTAP in advance of the expiration of the contracts of 5 of the panel members in February 2022. Two firms have been shortlisted. The result of the performance review will be submitted to the Board for consideration.

- (b) Two approved policies are led by or co-owned with the Independent Units, namely the Evaluation Policy (BBM-2021/07) and the Administrative Remedies and Exclusions Policy (BBM-2021/09). For the former, the first part of the implementation, namely the development of evaluation standards, is led by the IEU and the Secretariat is awaiting guidance from the IEU to engage in implementation planning. For the latter, the Secretariat is to be consulted by the IIU, under the supervision of the EAC, on the development of 4 subsidiary documents. Their preparation is expected to take between 6–12 months.
- (c) The IRMF was adopted in decision B.29/01; implementation planning commenced thereafter in order to enter into effect from B.32. Efforts are further described in section 2.3.3 above.

169. As at the end of July the Secretariat was at 63% progress towards this KPIs in terms of setting up implementation processes and having cross-Secretariat implementation plans agreed with all implementing units. Given this is a novel KPI requiring new work processes the Secretariat is confident that it can meet the annual 100% target by the end of the year as staff become more familiarized with its requirements.

2.5 Facilitating access and accelerating implementation by improving process efficiency, effectiveness, transparency and speed of delivery

2.5.1 Enhancing standardization to increase the efficiency of GCF processes

170. In its efforts to standardize and streamline all its key operations and functions, the Secretariat continued advancing and operationalizing a set of key manuals over the course of 2021. Progress against key business processes is further described below.

171. **Streamlining review processes:** Efforts to promote the consistency, collaboration and quality of funding proposals progressed through the continued operationalization of the Programming and Operations Manuals. As of 31 July 2021, 68 per cent of project reviews were completed in full alignment with the Operations Manual (KPI 5.2), thanks in part to routinization of climate impact assessments and interdivisional team kick-off meetings. These numbers will increase further with the development and eventual implementation of the Appraisal Manual and associated procedures. Lessons learned from applying the Manuals to date have been taken into account when developing specific targets under the upcoming 2022 Work Programme. Work required to further update the Manuals based on experience has also been taken into account when planning for next year.

172. **Implementing effective procurement practices:** The Corporate Procurement Manual was approved and shared within GCF on 8 June 2021; it addresses various aspects of procurement processes from engagement of consultancy firms to contracting of individual

consultants and procurement of goods and non-consulting services. It also addresses sustainable procurement practices in a way that makes it easier to understand, supporting and complementing the Corporate Procurement Guideline provisions which were adopted in 2020. In addition, 5 out of an envisaged 10 long-term agreements were established in the course of the first two quarters of 2021, with a view to increasing efficiency in the procurement procedures while reducing transaction costs and achieving economies of scale and stability for recurring and critical requirements for GCF.

173. **Advancing financial management:** During the reporting period the Secretariat worked to put forward the 2020 financial statement for the Board's consideration, and these were subsequently approved by the Board in June 2021 and made available on the GCF website. The Secretariat also worked to regularize projected expected expenditures with a view to support an active budget management which optimizes resource utilization towards achieving the Board-approved work programme. As the Secretariat was notified by its existing pension fund administration provider of its intention to terminate its contract with GCF towards the end of 2021, it has advanced the transition process and expects an RFP for a new pension administrator to be launched in Q3 of 2021.

174. The GCF Financial Management Suite (GFMS) assessment phase also made significant progress with the finalization of the required implementation plans, budget estimates and risk assessments. The Secretariat also continued its search for a financial management system by concluding the demos with potential vendors and final discussions with the external consultant assisting with the requirements analysis. The vendor is expected to finalize the assignment in the third quarter of the year. The output of the assignment will be used to solicit proposals from potential vendors. The RFP for the financial management system is expected to be launched in Q4 2021.

175. Under the oversight of the Investment Committee (IC) the Secretariat also continued supporting work under the second review of the Financial Terms and Conditions of GCF's Financial Instruments, which will be presented at the next Board meeting once the IC endorses the report.

2.5.2. Applying service standards across all key client-facing processes

176. A novel feature under the 2021 Work Programme has been the introduction of a target on reviewing requests received by the Secretariat within agreed service standards (KPI 5.1), which is also in line with the goals of the 2020–2023 Strategic Plan.

177. Progress against this goal is as follows:

- (a) **Accreditation:** The Secretariat continues to work on improving the efficiency of Stage I reviews as well as streamlining Stage I reviews by the Secretariat and Stage II (step 1) reviews by the AP. The Secretariat introduced additional rounds of calls with Stage 1 applicants to provide further guidance and facilitate responses to accreditation questions; and facilitated regular meetings between Stage I reviewers and the AP, as well as between applicants and Stage I reviewers. Progress and tracking against this target (first response within 105 days for 75 per cent of applicants) has been slowed down by the need to focus resources on finalizing the DAP and running the re-accreditation process, however the target implementation status is approximately 90 per cent for the new applicants and is expected to be achieved for all applicants with full operationalization of DAP;
- (b) **Readiness:** For non-adaptation planning Readiness proposals, the Secretariat provided feedback to NDAs and delivery partners within the service standard of 35 days for 43 per cent of proposals. For adaptation planning proposals, feedback within the service turnaround time of 45 days was provided for 87 per cent of the proposals;

- (c) **PPF:** The Secretariat provided feedback within the service standard of 21 days to 90 per cent of PPF applications with underlying project concept notes endorsed;
- (d) **Concept note and funding proposal review:** The Secretariat has reviewed and provided feedback to AEs within the standard service standard (30 days for concept notes and 75 days for funding proposals) for 54 per cent of the new concept note and funding proposals, excluding SAP proposals;
- (e) **SAP concept note and funding proposal review:** The Secretariat reviewed and provided feedback to SAP proposals within the standard service standard (21 days for concept notes and 30 days for funding proposals) for 40 per cent of concept notes and 100 per cent of funding proposals. The reasons continue to be the need to calibrate Secretariat capacity against for PAP and SAP demand taking into account that SAP reviews require almost as much time as PAP reviews.

2.5.3. Advancing the GCF digital agenda

178. Efficiency and effectiveness efforts continued to be supported by the implementation of solutions under the 2020–2023 Digital Agenda, which continued at full speed through a series of new systems developments.

179. The delivery of the major functions of the DAP was completed in July 2021, followed by significant enhancements such as business analytics and intelligence modules. At the same time, the Digital Proposal Submission Platform for concept notes and funding proposals is reaching the last stages of development and is expected to roll out the SAP component and the regular concept note/funding proposal component in September and November 2021, respectively. Moreover, the PPMS for funded activities has been integrated with existing platforms such as iPMS and extended with data analytics capabilities. Similarly, for Readiness, the Secretariat has started integration efforts between Fluxx and PPMS, which will enable the Secretariat to provide the required information to AEs for submitting relevant reports.

180. From early June 2021, GCF's human resources management system is being extended with an upgraded recruitment management system that would significantly improve the candidates' experience, optimize the recruitment process, boost search capabilities, and introduce powerful data analytics and a performance dashboard that is expected to be fully developed delivered by early October 2021. Another important initiative of the Secretariat – the Strategic Corporate Performance Management System – reached a key milestone in having completed procurement and selected a vendor. Project execution is expected to start at the beginning of September. Around the same time, GCF's enterprise-wide Integrated Risk Management and Compliance System initiative was kicked off with planning, requirements review and vendor selection. This integrated solution is expected to pave the way for increased productivity and optimized performance in the Secretariat.

181. Towards the end of July 2021, the Secretariat's Visitor and Delivery Management System was launched to digitalize visitor and delivery tracking processes, resulting in the efficient management of GCF visitors and improved security and safety for guests and the GCF workforce.

182. Information security measures were also strengthened through the full implementation of a mobile device management solution for all GCF digital assets in addition to ICT network equipment and security upgrades. Furthermore, considering the existing global cybersecurity risks, the Secretariat enhanced its vulnerability detection capabilities.

183. Finally, the Secretariat also continued to deliver ICT training sessions to the GCF personnel to enhance the workforce's digital skills and capabilities.

2.5.4. Implementing and reviewing the Information Disclosure Policy

184. In implementing the Information Disclosure Policy, the Secretariat continued to review forms submitted by AEs covering their disclosure of ESS reports for funding proposals for the Board's consideration. The Secretariat facilitated the timely disclosure of such forms to the Board members, active observers and the public through the GCF website. The Secretariat also reviewed a form submitted by an AE covering their disclosure of ESS reports at the subproject level. During the reporting period, four forms were circulated to the Board and active observers in advance of a Board meeting and one form related to subproject activities was circulated post-approval.

185. The Secretariat also continued to receive and respond to a high volume of requests for disclosure of information with a 133 per cent increase (124 additional requests) since 31 July 2020. No appeals were alerted to the Secretariat during the reporting period.

186. The Secretariat has progressed in its review of the Information Disclosure Policy, with a view to presenting to the EAC the policy implementation issues and proposed policy changes including a recommended policy text as soon as ready. This will take into account new information on access standards or policies developed and implemented by peer institutions and partners.

2.5.5. Promoting participation of observers

187. The Board approved, through a decision in between meetings (B.BM-2021/12), the accreditation of six applicant organizations as part of the twenty-fourth round of applications for the accreditation of observer organizations from civil society, the private sector and international entities. The Secretariat recently opened the twenty-fifth round of observer accreditation, and it will review the applications and propose a decision with the aim of concluding the round before the start of B.30.

188. The Secretariat also met with the civil society observers on the margins of B.29 to discuss their questions and concerns. Due to an adjustment in the 2021 Board Work Plan approved at B.28, the proposed revisions to the guidelines relating to the observer participation, accreditation of observer organizations and participation of active observers are proposed to be considered by the Board in 2022–2023. To ensure that this is informed by the most recent lessons learned, stakeholder inputs and best practices, the Secretariat will continue the review in 2022.

2.5.6. Reviewing capacity needs and operational bottlenecks for alignment with the 2020–2023 Strategic Plan

189. Following the adoption of the 2020–2023 Strategic Plan, the Secretariat has been asked to assess the existing institutional and operational capacity of the GCF to deliver against the 2020–2023 Strategic Plan goals. With analytical support from an external firm, the Secretariat presented a Capability Review paper for consideration by the Board at B.30; two technical sessions were also held prior to B.30.

190. The Capability Review assessed the Secretariat's capacity to deliver increased programming and implementation over 2020–2023, identified operational bottlenecks and examined the most effective ways to (i) address these to speed up access, including through improved productivity, effective resourcing and/or further streamlining programming approval and Secretariat implementation processes, modalities and timelines; and (ii) undertake a cost-benefit assessment of needs and options for establishing a GCF regional presence.

191. As the item was not opened during B.30, the Secretariat extended an invitation to Board members to comment on the paper over the course of July. An updated version of the B.29 document, including budget implications and other information related to the proposed build-up of Secretariat staff headcount, is being submitted for Budget Committee review, in line with

the Committee's mandate to review and make recommendations to the Board on matters related to the administrative budget of the GCF.

192. The findings and recommendations under the Capability Review have also been taken on board by the Secretariat as it prepared its 2022 Work Programme and budget. While the 2022 Work Programme and budget proposal was developed under the existing staffing cap of 250 as set by the Board under decision B.18/11, the budget proposal set out in the 2020–2023 Strategic Plan Capability Review shows, for 2022, 2023 and 2024, the additional budgetary implication (i.e. the increment beyond the budget proposal included in the 2022 Work Programme and budget) of recruiting additional staff pursuant to the Capability Review, as well as corresponding savings from the consultant budget.

193. In parallel, the Secretariat prepared an update of the GCF salary scale. All three papers are being presented to the Budget Committee in advance of further Board consideration at B.30.

2.6 Fostering a high-performance collaborative culture and consolidating institutional capacities and oversight

2.6.1. Ensuring business continuity and staff safety

194. **Evolving the Business Continuity Management Plan.** GCF must be prepared to respond to incidents that may affect people, physical assets and infrastructure, and digital assets and information. Business continuity management (BCM) is a holistic approach for managing risks related to disruptive events. Examples could include natural disasters, a pandemic and cyber attacks. The Secretariat's approach to BCM is as a set of coordinated activities to assist in planning for disruption and preparing our people and resources so we can rapidly respond to and recover from the impacts of events that disrupt our operations. During this reporting period, the Secretariat updated its Business Continuity Management Plan (BCMP) documentation to define the key phases in the GCF continuity management approach and provide a roadmap for its implementation, to be progressively delivered through to mid-2022. BCM as a practice will help GCF to:

- (a) Promote and improve a safety culture within GCF and reduce the likelihood of incidents that cause potential harm to our people;
- (b) Minimize the impact of a disruption on our operations and support a return to normal as quickly as possible; and
- (c) Create and protect value by enhancing our organizational resilience and building confidence in our ability to sustain our operations.

195. The BCMP is a living document, and over the coming months the Secretariat will continue to develop, update and implement the BCMP and subsidiary plans. In the initial term this work will focus on:

- (a) *Threat and risk assessment* – What are the threats and risks that GCF faces that may disrupt our operations, which are the most likely and which will have the greatest impact that require our focus?
- (b) *Business impact analysis* – What processes and capabilities, if disrupted, prevent us from achieving our objectives and how vulnerable are they to the key risks we face?
- (c) *Service recovery order* – What systems and data are the most important to continuing our critical processes and what would be required to re-establish them in a disruption and in what order?

196. Following these initial assessments a number of response focus areas will be prioritized for response, continuity and recovery plan updates, development and implementation. The

Secretariat has also on-boarded a new Corporate Security Senior Specialist to oversee all business continuity and safety activities.

197. **Creating a safe and efficient working environment.** Incheon Metropolitan City (IMC) has been a generous and supportive host in arranging COVID-19 vaccinations for GCF personnel. With their proactive support in offering vaccinations, 169 GCF personnel and dependents have registered for COVID-19 vaccination. Because of IMC's assistance, and based on our internal data gathering and surveys, 61 per cent of GCF personnel are now either vaccinated or scheduled for vaccination, 36 per cent are waiting for an opportunity to get vaccinated, while the remaining 3 per cent are undecided or do not plan to vaccinate. Vaccination is a key element of GCF's COVID-19 response, together with social distancing, masks and maintaining good personal hygiene, and the Secretariat continues to pursue and promote opportunities for vaccination of GCF personnel and their dependents. The Secretariat is also developing a comprehensive Travel Policy to support the safety and security of GCF Personnel during overseas engagements and this is expected to be finalized in Q3.

2.6.2. **Enhancing staff capacity and institutionalizing GCF's core values to ensure a respectful and supportive workplace culture**

Building the Secretariat's capacity

198. GCF provides a unique opportunity to be part of the design and implementation of transformational projects and policies to combat climate change and save and improve the lives of people in developing countries around the world. This inspiring mandate requires technical expertise in numerous fields, including climate science, climate finance and sectoral knowledge, as well as skills in innovative thinking and collaboration. GCF attracts and nurtures people from all around the globe with many different backgrounds, and they are exposed to a variety of partners in the public, private and civil society sectors, operating at national, regional and/or global level. The Secretariat values productivity and impact in climate action, innovation and responsiveness, trust and respect. It also seeks to empower staff to decide and act upon their career development path and provides a competitive pay and benefits package among market comparators.

199. The Secretariat has been working towards externally communicating this employee value proposition (EVP) through its updated Career Portal, at career fairs and during live webinars in order to increase the effectiveness of its talent attraction efforts. The Secretariat continued to actively reach out for talented and valuable employees to reach a 94 per cent fill ratio capacity at the end of 2021. There has been an increased presence in robust career platforms specialized in specific targets (for example female candidates) or skills (for example private sector) to advertise positions. The improvement of the recruitment module and the career portal is also in progress and is expected to conclude by the end of October. GCF's first live Career Webinar is planned to be held on 17 August 2021, in cooperation with Impactpool, with over 1,000 registrations. Systematic use of professional services firms to support critical activities within the recruitment process has increased, with a focus on those positions where the talent available is scarce. Pursuing efficient institutional resourcing solutions to supplement staff capacity will continue throughout the year.

200. During the reporting period, 13 positions have been filled, including the Head of the Private Sector Facility, resulting in an 85 per cent fill ratio as of 31 July 2021. The year-to-date headcount already represents a positive net growth of 17 staff (Secretariat) and there are 8 new colleagues waiting to join in the following 2 months, plus 11 recruitment processes are in the final stage. A new secondee from the Foreign, Commonwealth & Development Office of the United Kingdom of Great Britain and Northern Ireland has also joined the Division of Country Programming and further possible secondments are being explored. Considering the overall turnover rate has been 4.8 per cent up to the end of the reporting period, the Secretariat has

shown steady progress in filling its capacity and expects to reach approximately 230 by the end of the year.

Table 5: Staffing status as of 31 July 2021^[4]

Staff (Total)	Gender		Geographical Classification	
	Female	Male	Developing	Developed
International Staff (173)	67 39%	106 61%	104 60%	69 40%
Administrative Staff (39)	25 64%	14 36%	34 87%	5 13%
All Staff (212)	92 43%	120 57%	138 65%	74 35%

^[4] Table 5 includes one secondee contracted with GCF and excludes the five staff members who are on Special Leave Without Pay.

201. During the reporting period, significant progress has been achieved in the implementation of the People Plan. Some key initiatives worth mentioning are: (i) the submission of the Capacity Review Study to the Board in B.29; (ii) training workshops for hiring managers; (iii) a cross-development programme for managers was introduced for greater mobility at senior levels; the Administrative Instruction (AI) on working conditions and flexible working arrangements was reviewed for greater flexibility; (iv) the engagement action plans related to the engagement survey were progressed to 90 per cent; (v) a knowledge heatmap pilot was initiated for one division; and the publication of the Grievance Architecture Handbook. Considering the impact on career development, it's important to highlight the launching of the joint mentorship programme with the Global Green Growth Institute (GGGI), with a total of 64 participants and 62 per cent cross-organizational matches between GCF and GGGI mentors and mentees.

202. In terms of performance management, 89 per cent of eligible staff finalized their PMDS for the year by the end of July 2021 and activities kick-started for triggering the mid-year review. New administrative instruction for the PMDS will be submitted for consultation with the staff in late 2021. The Secretariat has also initiated the implementation of the corporate planning system, which will facilitate the cascading of objectives to the staff and the reporting of progress and will later need to be integrated with the individual performance management system in 2022.

203. Fostering the GCF core values and institutional knowledge among employees is one of the key institutional KPIs for 2021. GCF requires all employees to complete seven mandatory pieces of training that concentrate on the core values and SEAH. The average completion rate has been 80 per cent as new employees join, and the target is to reach 100 per cent by the end of the year. As discussed later, the Digital Onboarding program has also significantly progressed.

204. The Administrative Guidelines on Human Resources (AGHR) were approved by the Board in 2014. These rules have not evolved over time and are thus out of sync with a significant number of internal policies that have been developed in recent years. Some of the provisions of the AGHR weaken the GCF's Employee Value Proposition and could create operational risks for GCF. In that regard, the Secretariat is planning to submit three critical

documents for Board consideration in 2022 (Human Resources Rules Framework, Code of Conduct, and Compensation and Benefits Policy).

Ensuring a respectful work environment and value-based organizational culture

205. Following up from the staff's feedback on the engagement survey, divisional action plans were facilitated by an external vendor. Over 12 virtual sessions were held with the external facilitator, where all divisions and units actively engaged to agree on the areas of improvement and develop their own action plan. Based on the sessions, the corporate and divisional action plans are expected to be completed by September and follow up reports will be shared from Q3.

206. At the beginning of this effort, the SMT had an initial session to discuss their own action plan that will be finalized in September. A second round of 360-assessment for Senior Managers is planned for November 2021. SMT members are expected to model the behaviours aligned with our corporate values and facilitate an increased and effective collaboration within GCF. For that purpose and for the first time, the SMT has decided to include a set of collaboration KPIs at corporate level in the 2022 Work Programme that will have to be cascaded down to all staff and encourage engagement to cooperate with each other.

207. The SMT at the Secretariat is committed to implement the SMT Charter and the principles it entails, however, the SMT also recognizes the importance of having an instrument that can be more actionable and followed throughout the year. As a result, the SMT has agreed to work on an action plan to address the concerns expressed by the staff through the engagement survey and compromise on specific actions to demonstrate changes in the desired direction of increased transparency, accessibility and collaboration. This action plan will include the SMT Charter and will be available in October 2021; it will constitute the baseline to report progress to the staff on a quarterly basis.

Improving internal grievance mechanisms

208. The publication of the final GCF Grievance Architecture Handbook was announced in June 2021 to all personnel. Its implementation has led to a significant drop in the overall case numbers reported to the IIU, including those related to alleged staff misconduct, from 24 complaints in 2019, to 17 in 2020, to 2 complaints up to 31 July 2021.

209. The Ethics Senior Advisor received 15 staff-initiated engagements where advisory services were rendered covering various forms of interpersonal disputes and general advice. Resolution had been reached in some cases, with others ongoing with the assistance of human resources and/or the Ombuds. At the same time, while there has been an increase in issues addressed through the Ombuds, cases have had a 95 per cent closure rate in less than four weeks.

210. The Secretariat will continue to update the grievance architecture and ensure the internal grievance channels, including the Senior Ethics Advisor, Ombuds and Mediators, the Personnel Council and the Appeals Committee, are consistently accessible.

2.6.3. Advancing GCF's approach to knowledge management

211. At the institutional level, knowledge management plays a significant role in enabling GCF to operate as a learning organization by supporting and enhancing the GCF's day-to-day activities. The GCF Digital Onboarding Programme is a key element of this, and it is being developed by experts in instructional design and digital learning with the input and guidance of current staff members. As of 30 July 2021, the GCF Digital Onboarding Programme is progressing apace and has achieved 53 per cent completion with 20 modules under development. About 10 modules will be kicked off in the following months. In parallel, the Secretariat continues developing critical knowledge through manuals and sector guides that will complement the knowledge required by new GCF staff to rapidly overcome the initial learning curve.

212. The GCF taxonomy has been updated with nine new sub-domains: three under the institutional domain, five under the institutional domain, and one under the partnership domain. The number of terms increased from 1,200 to approximately 2,000 terms. This improvement will increase traceability and transparency in GCF documents. The Secretariat has also used the taxonomy to run data analysis related to climate technology and climate instruments in the GCF portfolio. The GCF taxonomy will also be incorporated in the systems under current developments, including the PPMS. A glossary also accompanies the taxonomy. While a PDF-base glossary will be released to the Secretariat in the following months, the online glossary development will be kicked off. The consultations with key personnel are underway for internal technical validation, and the final products will be sent for the leadership approval.

213. The Secretariat started the assessment to evaluate its readiness to deploy a Constituent Relationship Management (CRM) system. A wide consultation throughout the Secretariat was performed to identify the features and functionalities required, considering GCF's business model and operational and outreach activities.

2.6.4. Advancing resource mobilization, partnerships and communication

Resource mobilization

214. Under the 2021 Work Programme, a key target focuses on the finalization of at least 95 per cent of the pledges made during GCF-1 and continuing the resource mobilization efforts to reach at least the level of the initial resource mobilization period.

215. The Secretariat continued to finalize pledges from GCF-1 and engage with contributors to mobilize additional resources. As a result, of 34 GCF-1 contributors, 33 have confirmed part or all of their pledges and signed contribution agreements. Hungary, Romania and the Walloon Region of Belgium confirmed part or the full amount of their GCF-1 pledges during the reporting period. With a figure above the 95 per cent KPI target (KPI 6.7), the total confirmed amount is approximately USD 9.52 billion equivalent, or 96 per cent of nominal pledges for GCF-1. Most of the remaining unconfirmed pledges will be signed annually in tranches, and the Secretariat is following up closely with the target contributors.

216. The Secretariat pursued its effort to mobilize additional and new pledges. During the reporting period, for GCF-1, Romania made a new pledge of EUR 40,000 and Malta made an additional pledge of EUR 100,000. The Secretariat also continued its engagement with the United States on a potential new pledge following the new administration's request to Congress to approve funding to GCF of USD 1.25 billion in the 2022 budget circle. In July 2021, the United States House of Representatives passed the 2022 State, Foreign Operations, and Related Programs Bill that includes USD 1.6 billion in funding for contributions to GCF. The bill has now moved to and will be deliberated in the Senate.

217. Under the work programme, KPI 6.6 includes a priority around the development of a long-term resource mobilization plan and the submission of policies for contributions from alternative sources. The Secretariat continued to work with an external firm and held consultations across the Secretariat on the policy and the implementation scenarios.

Building partnerships through focused outreach and communications

218. The Secretariat continued to leverage outreach, advocacy and engagement with key global leaders, networks and inter-governmental organizations to strengthen GCF's position in the climate finance landscape through a series of strategic engagements (as follows):

- (a) Contribution to the 2021 Partnering for Green Growth and the Global Goals (P4G) Seoul Summit, including by co-organizing a dedicated event during the actual Summit together with the Korean Ministry of Economy and Finance (MOEF). A publication on *Scaling up climate finance in the context of Covid-19* was launched during this event. The Secretariat also co-organized a session on the Green New Deal, and contributed remarks at events

related to energy, green education, and green recovery from the COVID-19 economic shock.

- (b) Participation in the underlying working groups of two United Nations-convened processes, the United Nations Food Systems Summit and the United Nations High-Level Dialogue on Energy. The technical contributions of the Secretariat to the work of the Finance Lever of the United Nations Food Systems Summit will be included in the Food Systems Architecture annex of the report to be launched at the United Nations Food Systems Summit in September 2021. In addition, the Secretariat contributed substantively to the Thematic Working Groups on Energy Transition and Investments under the High-Level Dialogue on Energy, which have helped to shape the final synthesis reports from the process launched in July 2021;
- (c) Substantive contribution towards the drafting of the Alliance for Hydromet Development's Hydromet Gap Report, which recommended priority actions, including the creation of the Systematic Observations Financing Facility. GCF supported the launch of the publication on the margins of the High-Level Political Forum on the Sustainable Development Goals in July;
- (d) Sharing portfolio experiences and knowledge through relevant networks and intergovernmental forums, including: (i) the International Day of Argania; (ii) the High-Level Dialogue on Desertification, Land Degradation and Drought hosted by the United Nations President of the General Assembly; (iii) the Ministerial Thematic Forums and the High-Level Dialogue on Energy; (iv) the Kyunghyang Forum 2021; (v) the virtual Small Island Developing States Summit for Health convened by the World Health Organization; (vi) the United Nations Food Systems Summit Pre-Summit; and (vii) co-hosting a lab on mobilizing GCF investment into low-emission and climate-resilient cities, buildings and urban systems in Africa with the Global Fund for Cities Development;
- (e) Briefing and engaging groups like the Alliance of Small Island States (AOSIS) Group, the Climate Vulnerable Forum, the Sistema De La Integración Centroamericana (SICA), the Least Developed Countries Group and the African Group of Member States on the efficiency improvements and growth of the GCF portfolio, and engaging in a policy dialogue with Japan; and
- (f) Sharing experience and knowledge from the GCF portfolio among partners and practitioners of climate finance, including working groups of the One Planet Lab and the Climate Policy Lab, and the work of the Coalition for Climate Resilient Infrastructure, the Coalition for Disaster Resilient Infrastructure and the International Development Finance Club.

219. Communications were also issued to promote the results of the B.29 Board meeting including a series of [videos](#) highlighting new project approvals that were disseminated via social media. Other web and social media communications were produced to promote GCF's operational progress including relating to new FAA signings, readiness activities and disbursement of funds, whilst executive communications supported the range of outreach events listed above with speeches, web reports, and media outreach.

2.6.5. Concluding arrangements for privileges and immunities

220. During the reporting period, the Secretariat has continued its pursuit of finalizing bilateral privileges and immunities agreements with countries. While negotiations with a number of countries have progressed, no new agreements have been signed during the reporting period, and so the total number of signed bilateral privileges and immunities agreements remains at 27 (KPI 6.6). Progress has remained slow, particularly considering the ongoing pandemic situation, as well as the lack of incentives for countries to conclude such

agreements with GCF. Given these constraints, it is not expected that significant progress on this matter will be made during the remainder of 2021 based on bilateral engagements.

221. As of 31 July 2021, the GCF portfolio under implementation spans 92 countries where it does not have privileges and immunities. This means that GCF is now disbursing USD 1.3 billion in countries where it does not have privileges and immunities coverage (worth USD 3.1 billion in total project value), with between USD 223 million and USD 302 million anticipated to be further disbursed in 2021 in countries where GCF does not have privileges and immunities.

222. In the absence of any policy requirements for countries to grant privileges and immunities to GCF to access GCF resources (e.g. through requiring privileges and immunities to be in place prior to starting disbursements), the risk associated with the lack of privileges and immunities will increase as the portfolio grows.

223. The risks to GCF 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 23⁴ and COP 25,⁵ respectively). Not only can these risks give rise to significant financial liabilities and affect the amount of resources available for programming, they can materially and adversely affect the reputation of GCF, thereby impacting on its ability to achieve its mandate. It could also directly jeopardize the capacity of GCF staff to discharge their oversight functions.

224. During the reporting period, the Secretariat also prepared the draft Fourth Biennial Report on the Privileges and Immunities of the GCF (Fourth P&I Report). The Fourth P&I Report was annexed to the draft tenth report to the COP, which was submitted to B.29⁶ and circulated to the Board for approval without a Board meeting after B.29. Objections were received to the relevant draft decision, including on matters relating to privileges and immunities. The Secretariat provided technical inputs to the Co-Chairs to assist them in working through the objections with the relevant Board members. If the objections cannot be resolved prior to B.30, the Secretariat expects that this matter will be taken up by the Board at B.30 under the relevant agenda item.

2.6.6. Advancing GCF's risk management and oversight

225. The Secretariat finalized the audit of portfolio monitoring and two ad hoc reviews, which were started in previous years. Additionally, fieldwork for the audit of risk management processes was completed and the audit report is being drafted. Work is also underway for planning an audit of post-approval processes and a review of the use made of GCF country and entity applications (KPI 6.9). A review of the delivery of management action plans agreed in response to audits and reviews from previous years indicated that close to 63 per cent of the management action plans due by 30 June 2021 were completed. (GCF had been able to close 60 per cent of the management action plans due by 31 December 2020.) Outstanding action plans are being followed up with senior management (KPI 6.10).

226. As a novel initiative, the Secretariat started developing GCF's Institutional Risk Management Framework, which will be informed by and completed after the finalization of the audit of risk management processes (KPI 6.9).

227. During this period, the Secretariat developed and published the risk dashboard for the quarter ended March 2021. The dashboard informs the Board of the status of risks as identified in the Risk Register. The Secretariat has also initiated the review of the risk management framework components and is in an advance stage of hiring a consultant firm to advise on revisions or updates required to the risk management framework.

⁴ FCCC/CP/2017/5.

⁵ FCCC/CP/2019/3.

⁶ GCF/B.29/03/Add.01.

Annex I: Summary of requests from the Board and Secretariat responses

1. A summary of information requests made by the Board members and advisors during the reporting period is included below.
2. Considering the increasing volume of requests, this process is being streamlined within the Office of Governance Affairs (OGA). The major challenges identified lie in the identification of Focal Points within the Secretariat that could provide a better response to the requests. In addition, the differentiation of requests for information from a Board member perspective or a Donor perspective has been one of the major challenges.
3. Streamlining this process will provide an opportunity to track and identify which are the most frequent questions that Board members and advisors ask the Secretariat. This will help OGA to identify them early and prepare prompt responses.

ID	Query	BM/ABM/ADV	Name	Date received
024/2021	FR - GCF - reporting obligations	ADV	Antoine Alamowitch	06/29/21
025/2021	COVID resilient recovery programme information	ADV	Felipe Osses	07/05/21
026/2021	COP report query	ADV	Usha Beegun-Ramduny	07/14/21
027/2021	Private sector access to the GCF	ADV	Usha Beegun-Ramduny	08/11/21

Annex II: Secretariat – iTAP collaboration on developing a transparent and consistent approach to the assessment of funding proposals

1. This Annex presents a status update on the implementation of Decision B28/03.b “Requests the Secretariat, in close consultation with the independent Technical Advisory Panel, to develop a transparent and consistent approach to their assessment of funding proposals;”
2. The Secretariat has progressed on implementation of this decision primarily through initiating the development of an Appraisal Manual, a draft of which is anticipated by March 2022, to clearly document the processes, tools and internal and external parties that contribute to due diligence in funding proposal development. This Manual will incorporate iTAP’s role in due diligence, and specific channels of communication between the Secretariat and iTAP are ongoing accordingly, as follows:
 - (a) Regular communication by the GCF Climate Science Lead with iTAP on the development of the draft policy paper on climate rationale, and on the development of a range of guidance materials for AEs on the use of climate data and climate model outputs for establishing the climate impact potential of proposals.
 - (b) Revision of the draft policy paper on programmatic approaches, and prioritising discussions with iTAP on principles for assessment of programmatic proposals.
 - (c) Specific discussions on the principles of Ecosystem-based Adaptation (EBA) between relevant sector experts in GCF Secretariat and iTAP.
 - (d) Initiation of regular calls between ORMC Sector (Appraisal) team and iTAP to share experience and opinions on appraisal process and outcomes.
3. Based on Board Decisions B.19/06, requesting the Secretariat to develop an integrated approach to address policy gaps and consider their inter-linkages, including steps to enhance the climate rationale of GCF-supported activities, the Secretariat is developing a range of materials, data platforms, technical advice, and examples that will provide accredited entities with a consistent and authoritative approach to demonstrating climate impact potential. These measures are presented in the policy paper on climate rationale that is on the agenda for B.30. This principles-based, non-prescriptive guidance, knowledge products and online tools will be developed in close consultation with iTAP and AEs and will provide consistent Fund-level guidance that will improve the consistency and ease of proposal development and review.
4. Based on Board decision B.14/07, requesting the Co-chairs and Secretariat to continue to consult on the programmatic approach with a view to concluding agreement on related policy guidelines, the Secretariat is also currently drafting a proposed set of principles on the definition, and the use of, a programmatic approach in future proposals that the Secretariat and iTAP can use in their assessments. This is intended to ensure that programmes are designed and implemented such that they increase country ownership, and more effectively help developing countries achieve the priorities included in their Nationally Determined Contributions, and that they contribute significantly to GCF efforts to promote paradigm shift and increase the potential for transformational impact, in line with the priorities included in the Updated Strategic Plan.
5. Based on Board decision B.17/10, requesting the Secretariat to develop guidance on the approach and scope for providing support to adaptation activities, the Secretariat has also prepared a paper to enhance consistent understanding among stakeholders of GCF’s mandate for action on climate change adaptation, and the steps that GCF is taking to develop the adaptation portfolio.
6. The policy papers on Climate Rationale, Programmatic Approach, and Adaptation Approach are all directly relevant to the development and implementation of a consistent and

transparent approach to funding proposal assessment between the Secretariat and iTAP, and the Secretariat is therefore endeavouring to ensure that the three papers are consistent in the guidance that they provide and that they refer to each other as appropriate. These papers have been circulated to the Board members for comments in August 2021, and response matrices have been compiled. The Secretariat expects that the remaining issues raised by Board members can be resolved through technical sessions and direct engagement with Board members, and that these three policy papers will be ready for submission to the Board at its 31st meeting.

Annex III: List of memorandums of understanding in effect as at 31 July 2021

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 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 through the exchange of personnel	3 August 2018	3 years (possible extension for 5 years)	Binding	Staff exchange
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	Subject to applicable internal rules and procedures of each party, and any necessary clearance required thereunder: (a) Strengthening integrated global/regional/national operational hydrological and meteorological systems and associated climate information services; (b) Providing GCF accredited entities with information and technical support upon their request; and (c) Aligning and leveraging GCF-funded hydrological and meteorological investments
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	(a) Sharing knowledge for climate finance and action; (b) Integration of climate consideration within financial institutions;

							(c) Facilitation of access to GCF resources with co-financing from IDFC members and support for capacity-building activities; and (d) Outreach and awareness-raising
9	General cooperation	Seoul National University	MoU between Seoul National University and the Green Climate Fund	18 November 2020	5 years	Non-binding	(a) Establishment of a center of excellence on global green smart sustainable paradigm shift; (b) Talent nurturing and development; (c) Enhancement and development of GCF staff's professional; (d) Knowledge sharing; (e) Joint work programs that mobilize and nurture developing countries' stakeholders on issues related to climate change and sustainable development; (f) Joint programs on climate action; (g) Organization of events; (h) Educational content;
10	General Cooperation	Network for Greening the Financial System (NGFS)	GCF Membership to the Network to be changed to 'Observer' status (from 'Stakeholder' status)	In Development	N/A	Non-binding	Strengthen collaboration in areas of mutual interest.

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