



**GREEN  
CLIMATE  
FUND**

**Meeting of the Board**  
17 – 20 October 2022  
Incheon, Republic of Korea  
Provisional agenda item 6(a)

**GCF/B.34/Inf.04**

**23 September 2022**

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## Co-Chairs' summary of the initial organizational meeting for the second replenishment of the GCF

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### **Summary**

This document provides an update for the Board on the discussion and outcomes of the initial organizational meeting (IOM) for the second replenishment of the GCF (GCF-2). It provides an overview of the agenda items that were discussed and covers the comments made by potential financial contributors and Board members and the subsequent decisions. It also includes the finalized rules of conduct for GCF-2 and the GCF-2 timetable and workplan, which were agreed upon at the IOM.

## **I. Introduction**

1. Pursuant to decision B.33/11, an initial organizational meeting (IOM) was held virtually on 30 and 31 August 2022 to set the foundations for an ambitious and successful second replenishment of the GCF. It was attended by 36 potential contributors, 14 Board members, the Trustee, 2 active observers of the Board (1 civil society representative and 1 private sector representative), and 1 observer each from the secretariats of the United Nations Framework Convention on Climate Change (UNFCCC), the Global Environment Facility (GEF), and the Adaptation Fund.

## **II. Welcome to GCF's second replenishment process**

2. The meeting opened at 20:00 Korea Standard Time on 30 August 2022.
3. Opening remarks were made by the Executive Director Mr. Yannick Glemarec, who highlighted the importance and urgency of an ambitious and successful second replenishment.

## **III. Selection of the meeting Chairs**

4. A representative of the Secretariat explained that decision B.33/11, annex IV, paragraph 2(d) states that “the Chairperson(s)/Facilitator will chair the replenishment meetings with the support of the Secretariat”.
5. As the Chairperson(s)/Facilitator was yet to be selected prior to the IOM, and by referring to the practice of the IOM of the first replenishment (GCF-1), it was suggested to the participants to consider selecting the Co-Chairs of the GCF Board to chair the IOM.
6. The meeting participants agreed and selected the Co-Chairs of the GCF Board, Mr. Jean-Christophe Donnellier and Mr. Tlou Ramaru, as the Chairs for the IOM without setting a precedent for subsequent meetings. It was agreed that Mr. Donnellier would serve as the Chair for the first day of the meeting, while Mr. Ramaru would serve as the Chair for the second day.

## **IV. Brief presentations by the Secretariat on the progress of the first replenishment period of the GCF**

### **4.1 Progress update on the first replenishment period of the GCF and overview of the process and timeline for the second replenishment of the GCF**

7. Participants heard from the Deputy Executive Director a.i., Mr. Henry Gonzalez, on GCF-1's successful outcomes to date, the organizational journey of GCF from the initial resource mobilization (IRM) to GCF-1, efforts to improve and overcome institutional challenges, and the ambitious outlook of GCF-2.

## 4.2 Financial position of the Fund

8. The Chief Financial Officer and Chief Operating Officer, Ms. Hong Paterson, presented GCF's current financial position, according to decision B.33/11, which states that the Secretariat will prepare information on the financial position of the Fund.

9. Participants heard updates on GCF's status of resources, portfolio implementation and growth, and expenditure.

## V. Conduct of meetings

### 5.1 Adoption of the meeting agenda

10. Participants considered the draft agenda which had been prepared by the Secretariat, based on GCF decision B.33/11 and GCF-1 and IRM practices, focusing on organizational matters for the replenishment process.

11. The agenda was adopted as follows:

#### *Day 1*

1. Welcome to the GCF's second replenishment process
  - 1.1 Welcome remarks by the Co-Chairs of the GCF Board and GCF's Executive Director
2. Selection of the Meeting Chair(s)
3. Brief presentations by the Secretariat on the progress of GCF-1
  - 3.1 GCF-1 progress update and overview of GCF-2 process and timeline
  - 3.2 Featuring GCF project (video)
  - 3.3 Financial Position of the Fund
4. Conduct of Meetings
  - 4.1 Adoption of the meeting agenda
  - 4.2 Rules of conduct
  - 4.3 Invitation of additional observers
  - 4.4 Invitation of other potential contributors
  - 4.5 Decision framework for guiding replenishment
  - 4.6 Update on the selection of the Chairperson(s)/Facilitator (including ToR)
5. Chair's summary of Day 1
  - 5.1 Chair's summary of Day 1
- 5.2 Any other business

#### *Day 2*

1. Opening of Day 2 of Initial Organizational Meeting
  - 1.1 Introduction by the Chair of IOM

- 1.2 Featuring GCF projects (video)
2. Scope, timeline and workplan for the replenishment
  - 2.1 Scope, timeline and workplan for the replenishment
  - 2.2 Expression of interest in hosting
3. Financial matters
  - 3.1 Role of the Trustee
  - 3.2 Reference exchange rates
4. Summary and conclusion
  - 4.1 Chair's summary of Day 2
  - 4.2 Report of the meeting
  - 4.3 Any other business

## 5.2 Rules of conduct

12. Participants considered the draft rules of conduct, which had been prepared based on GCF decision B.33/11 and the rules of conduct for GCF-1. Chair Mr. Donnellier informed participants that annex IV to decision B.33/11 states that “the rules of conduct of the replenishment meetings will be agreed at the initial organizational meeting.”

13. Participants considered and adopted the proposed rules of conduct as amended (see annex I).

### Discussion points

14. Some participants recommended that rules of conduct related to discussion be amended to allow observers to make interventions and participate in discussion at any time, rather than at the end of interventions by potential contributors and Board members. Participants stated that the rules of conduct for replenishment are separate from the rules of Board meetings, and thus should allow for earlier intervention by observers, if requested.

15. In response to the proposal to amend the rules of conduct, others stated that it would be better to follow the precedent and practice set in the rules of conduct for GCF-1, keeping the current order of interventions as in the proposed draft.

16. Participants considered the amendment to the rules of conduct and agreed to remove the reference to the order of interventions.

## 5.3 Invitation of additional observers

17. Chair Mr. Donnellier informed participants that per decision B.33/11, annex IV, paragraph 2 (b), four active observers of the GCF Board (two from civil society and two from the private sector), and one observer each from the secretariats of the UNFCCC, the GEF, and the Adaptation Fund would be invited to attend the replenishment meetings. It was also informed that the participants may agree to invite additional observers in line with the meeting's rules of conduct.

18. Participants agreed to invite a representative of the Climate Investment Funds (CIF) as an observer to the replenishment consultation meetings.

## Discussion points

19. Participants discussed and suggested to invite representatives of the CIF, some multilateral development banks, some United Nations agencies and organizations working with GCF, and accredited entities (AEs), especially direct access entities, as observers to the replenishment consultations.
20. Considering the proposals made by participants and in consultation with the GCF General Counsel, the suggestion was put to participants to add only a representative of the CIF to the GCF-2 process.
21. One reason for this proposal was to avoid creating a stream of consultation parallel to that which is already underway on the GCF-2 updated Strategic Plan, which was approved by the GCF Board to be implemented within the Board process with more open and transparent consultation.
22. Also, another concern raised was that given that AEs may have ultimate financial interests in the outcome of the replenishment process, and if allowed to participate, these entities could be perceived as consciously or unconsciously influencing the process. This could potentially compromise the replenishment process in terms of transparency and accountability. Further, the fact that there are over 100 AEs, prioritizing and selecting them would be very difficult. Therefore, the suggestion was not to include the AEs as participants to the replenishment proceedings.
23. Participants agreed to add only a representative of the CIF as an observer to the replenishment consultation meetings.

## 5.4 Invitation of other potential contributors

24. Chair Mr. Donnellier informed participants that, consistent with paragraph 29 of the Governing Instrument for the GCF, invitations to the replenishment meetings had been sent to all potential contributors, namely developed country Parties to the UNFCCC. Also, per paragraph 30 of the Governing Instrument, invitations had also been sent to developing country Parties for them to participate as potential financial contributors in the replenishment process. It was noted that subnational governments and cities were also able to participate and contribute to GCF, with some invitations having already been extended.
25. Chair Mr. Donnellier suggested adding subnational governments to the next meeting and requesting the Facilitator to reach out and explore the possibility of inviting non-State entities to the next meetings.
26. Participants agreed to this proposal.

## Discussion points

27. Some participants expressed interest in hearing about the progress of the policy for alternative sources, and whether it would be discussed at the thirty-fourth meeting of the Board (B.34).
28. A representative of the Secretariat informed participants that at this stage, one region and one city had registered for this meeting as potential contributors, and also explained that the draft approach paper for alternative contributions will be presented at B.34.

## 5.5 Decision framework for guiding replenishment

29. The Secretariat informed participants that by decision B.33/11, annex IV, paragraph 3 (a), the Secretariat was requested to prepare inputs to inform the replenishment meetings including: “(i) a document summarizing decisions taken by the Board that are necessary to guide decisions relevant to the second replenishment”. The Secretariat made a brief presentation on the summary of the decision framework and informed participants that the document will later be shared with them.

30. Participants took note of the decision framework for guiding replenishment.

## 5.6 Update on the selection of the Chairperson(s)/Facilitator

31. Chair Mr. Donnellier informed participants that per decision B.33/11, paragraph (k), the Chairperson(s)/Facilitator for GCF-2 process will be identified and appointed by the Co-Chairs of the GCF Board, in consultation with the GCF Board and with the support of the Secretariat. Terms of Reference (ToR) has been developed to further specify the role and functions of the Chairperson(s)/Facilitator.

32. Chair Mr. Donnellier explained that strong candidates have been identified, and the Co-Chairs of the GCF Board will finalize the appointment of the Chairperson(s)/Facilitator before the First Consultation Meeting, with the support of the Secretariat.

33. Chair Mr. Donnellier closed the first day of the initial organizational meeting.

### Discussion points

34. Chair Mr. Donnellier requested that, if participants had recommendations, written proposals for candidates to serve as Chairperson/Facilitator should be submitted to the Co-Chairs as soon as possible, preferably within the following two weeks.

## VI. Scope, timeline and workplan for the second replenishment

### 6.1 Scope, timeline and workplan for the second replenishment

35. Chair Mr. Ramaru opened the second day of the initial organizational meeting.

36. A representative of the Secretariat informed participants that document GCF/B.33/15/Rev.01, paragraph 5, states that “the main purpose of the replenishment process will be to discuss and determine financial matters of GCF-2, inter alia the draft policy for contributions for approval by the Board, the financial position of the Fund, and the reference exchange rates.”

37. The Secretariat introduced the proposed timeline and schedule of replenishment meetings as outlined in decision B.33/11, taking into consideration progress of Board discussions on strategic programming and major international events. Proposed dates were as follows:

- (a) First consultation meeting: 22–23 November 2022, noting that the initial suggested dates of 28 November–2 December 2022 coincide with the 63<sup>rd</sup> GEF Council Meeting;
- (b) Second consultation meeting: the week of 24–28 April 2023; and
- (c) Pledging conference: late September 2023.

38. Based on decision B.33/11, the Secretariat introduced the draft workplan for the second replenishment regarding points of discussion for the first and second consultation meetings and the pledging conference.
39. Participants considered and concluded the proposed timeline and workplan for GCF-2 meetings as amended (see annex II).

### **Discussion points**

40. Several participants raised the challenge of finding a date for the first consultation meeting and noted that the proposed dates could coincide with travel and events relating to the twenty-seventh session of the Conference of the Parties to the UNFCCC.
41. Participants suggested amending the dates of the first consultation meeting and noted that the first consultation meeting must also consider the timing of the 63<sup>rd</sup> GEF Council Meeting, participant holidays (such as Thanksgiving in the United States on 24 November) and the fifteenth meeting of the Conference of the Parties to the Convention on Biological Diversity (technical sessions beginning 5 December).
42. Participants concluded a proposed schedule of 1–2 December for the first consultation meeting, taking into consideration all timing constraints.
43. The workplan was adopted on the basis of the concluded dates for the first consultation meeting and the proposed timeline of the second consultation meeting and pledging conference.

## **6.2 Expressions of interest in hosting**

44. Chair Mr. Ramaru explained that an early choice of hosts for the second consultation meeting and pledging conference would be valuable, noting hosts would also be champions for GCF replenishment.
45. No expressions of interest were raised. Chair Mr. Ramaru encouraged those countries that may have an interest in hosting, especially for the second consultation meeting, to contact the Secretariat by the end of October.

## **VII. Financial matters**

### **7.1 Role of the Trustee**

46. A representative of the Trustee (the World Bank) explained its role in the replenishment process and introduced the process to express intent to contribute during GCF-2. Participants took note of the process as outlined.

### **7.2 Reference exchange rates**

47. The Trustee representative discussed the purpose of reference exchange rates and the method of calculation, as well as how it was calculated for the GCF-1 period.

### **Discussion points**

48. In the light of the current state of exchange rate fluctuations, participants requested that the Trustee provide multiple options for consideration on the length of the reference exchange

rate, including a longer calculation period than the one used for GCF-1, i.e. six months. Participants agreed to decide on what option to choose at the next replenishment meeting.

49. Participants also requested that the Trustee, in collaboration with the Secretariat, prepare a presentation for future consideration on the use of special drawing rights (SDR) rather than United States dollars (USD) for GCF's reference currency. A Board Member noted that similar organizations use SDR.

## **VIII. Summary and conclusion**

### **8.1 Chair's summary**

50. Chair Mr. Ramaru thanked participants for the constructive two-day meeting which had successfully laid out a road map for GCF's second replenishment process. A summary capturing the outcomes of the IOM would be sent to participants.

### **8.2 Report of the meeting**

51. Chair Mr. Ramaru noted that according to decision B.33/11, the Chairperson/Facilitator would report to the Board on the progress of the replenishment consultation meetings. The Co-Chairs of the GCF Board would make the first report to the Board on the IOM through the summation report that would be circulated later and also at B.34 in October 2022.

### **8.3 Any other business**

52. No other business was raised.

53. The meeting was closed.

## **Annex I: Second formal replenishment process of the GCF: rules of conduct**

### **I. Purpose**

1. The overall objective of the replenishment meetings is to mobilize substantial resources for the Fund's second replenishment. To that end, the purpose of these meetings is to establish a forum for consultation between potential contributors to discuss and determine second replenishment process (GCF-2) financial matters including documents for the GCF Board's approval.
2. As per decision B.33/11, the replenishment meetings will be distinct but informed by the Board's discussions and progress on the strategic programming and the updated Strategic Plan for GCF-2.

### **II. Participation**

3. Consistent with decision B.33/11, the replenishment meetings will be open to participation by:
  - (a) All potential contributors including sovereign entities, States, and cities;
  - (b) Board members;
  - (c) Four active observers of the GCF Board (two from civil society and two from the private sector);
  - (d) GCF Secretariat;
  - (e) The Chairperson/Facilitator;
  - (f) One observer from the secretariat of the UNFCCC;
  - (g) One observer from the secretariat of the Global Environment Facility;
  - (h) One observer from the secretariat of the Adaptation Fund;
  - (i) Representatives of the Trustee; and
  - (j) Additional observers may be invited by meeting participants in line with the rules of conduct.

### **III. Rules of conduct**

4. Each agenda item will be discussed among all participants with reference to relevant Board decisions. The Chairperson/Facilitator will close each item with a summary of deliberations, including emerging positions/consensus and any areas that require further work or discussion. These will be compiled into a written Chairperson/Facilitator meeting summary, to be circulated among the participants shortly after the meeting.

### **IV. Types of sessions**

5. The meetings may be organized, with support from the Secretariat and Trustee, in the form of:

- (a) Technical sessions: open to all participants listed under “2. Participation”; and
  - (b) Executive sessions: open only to potential contributors and Board members with the support of the Secretariat.
6. The Chairperson/Facilitator in consultation with meeting participants will decide on convening executive sessions.

## **V. Decision-making**

7. The outcomes of the replenishment process will be considered and endorsed by the GCF Board. Consistent with the rules of conduct for GCF-1 replenishment meetings, recommendations will be developed based on consensus among contributors.

## Annex II: Second formal replenishment process: timetable and workplan

<p><b>First consultation meeting</b> (1–2 December 2022) Virtual meeting</p>	<p><u>For discussion</u></p> <ul style="list-style-type: none"> <li>• Financial position of the Fund</li> <li>• Issues relating to policies for contributions and contribution arrangements</li> <li>• Reference exchange rates for use during GCF-2 replenishment process and GCF-2 period</li> <li>• Report on the implementation of the GCF-1 strategic plan</li> <li>• Updated Strategic Plan for GCF-2</li> <li>• GCF Second Performance Review (SPR): informational session on summary of findings</li> </ul> <p><u>For outcomes</u></p> <ul style="list-style-type: none"> <li>• Agree on reference exchange rates for use during GCF-2 replenishment process and GCF-2 period</li> <li>• Agree on host for second replenishment consultation meeting and pledging conference (if not agreed earlier)</li> </ul>
<p><b>Second consultation meeting</b> (Week of 24–28 April 2023)</p>	<p><u>For discussion</u></p> <ul style="list-style-type: none"> <li>• Issues relating to policies for contributions and contribution arrangements</li> <li>• Financial planning matters</li> <li>• Information on the progress of the updated Strategic Plan for GCF-2</li> <li>• GCF SPR: sharing of the final report</li> <li>• Next steps and preparation for pledging conference</li> </ul> <p><u>For outcomes</u></p> <ul style="list-style-type: none"> <li>• Agree on the final draft updates to policies for contributions and contribution arrangements</li> <li>• Other recommendations to the Board</li> </ul>
<p><b>Pledging conference</b> (Late September 2023, before the last Board meeting of 2023)</p>	<p><u>For outcomes</u></p> <ul style="list-style-type: none"> <li>• Announcement of pledges by contributors</li> </ul>