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"Hurry Slowly" Toward Full Operationalization

GCF Board Accredits First Implementing Entities At Its 9th Meeting, With Plenty of Homework To Do Before Considering Project Proposals

by Liane Schalatek

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GCF Board Accredits First Implementing Entities At Its 9th Meeting, With Plenty of Homework To Do Before Considering Project Proposals

The 9th meeting of the Board of the Green Climate Fund (GCF) took place for the first time in the shiny new headquarters of the Fund in Songdo from March 24-26, 2015 under the leadership of new Board Co-Chairs Henrik Harboe of Norway and Gabriel Quijandria of Peru. The ambitious agenda provided the Board with many opportunities to shine, but in the end only a few truly shining moments were delivered. The highlight of the meeting most certainly – and the point in time toward which many activities were geared over the past several Board meetings – was the accreditation of the first seven institutions as implementing entities for future GCF projects and programs. They were approved as a balanced package of small and large as well as national, regional and international entities, including one social impact private sector investment fund, proving that the new Accreditation Panel is up to the task of making the Fund's fit-for-purpose accreditation process work, even though improvements are possible – and needed. Other must-have policy decisions on financial instruments, the further development of the initial investment framework, the status update on the resource mobilization and on progress on implementing the readiness work program, the policy on ethics and conflicts of interest of the Board, or the new gender policy and action plan contributed more to shiny foreheads of Board members working feverishly until early morning hours to wrestle to a decision than providing shiny moments of Board leadership. As has become almost a routine, the Board in Songdo was not able to finish its entire (maybe overly optimistic) agenda, missing for example agreement on the Board's work plan for the remainder of the year, thereby increasing the pressure on the remaining two Board meetings this year to make all the "must-have" decisions so that the Board can consider and approve the first project proposals in time to show the Paris COP21 that the Fund is now fully operationalized.

Much homework remains to be done – including on still unfinished business leftover from 2014 in addition to that from the 9th Board meeting in Songdo – to ensure that the GCF will not only be able to get to Paris with an "open for business" sign, but that it is in shape as the main entity under the UNFCCC financial mechanism to support developing countries with activities and projects that move "beyond business as usual". A lot of work on a comprehensive monitoring and accountability framework for the Fund, for example, still has to be done with the three GCF accountability units not yet up and running and an interim information disclosure policy in dire need of updating so that it at least meets best practice standards set by other funds like the Adaptation Fund. All this is an important reminder to the GCF Board and the Secretariat to "hurry slowly" and to not forget in their haste to deliver against the political deadline set by the Paris COP21 that the GCF has to deliver not only fast, but more importantly well.

Taking their seat at the head of the Board room, new Co-Chairs Henrik Harboe and Gabriel Quijandria welcomed several new Board members (from China, Germany, the Netherlands, Australia, Bangladesh, Chile, Spain and the Czech Republic) and reminded colleagues that with the great achievements that the Fund was striving for commensurate with the challenges of climate change did come a great responsibility of the Board (for the current composition of the GCF Board, see Annex I). The Co-Chairs promised enhanced efforts to stick to an ambitious agenda for the 9th Board meeting (only slightly more manageable than the "mission impossible" agenda of the 8th Board meeting that resulted in the postponement of many decisions), which included a gavel, a "gentle invitation to Board members to have focused remarks," and a running update on progress and possible prioritization needed in addressing the individual agenda items throughout the meeting.

In reviewing the draft agenda for the meeting, the Board member from Cuba* re-iterated an earlier appeal to devote more Board time to address very complex issues, suggesting to add more Board meeting days

* Throughout this report, which draws on preparatory and decision documents as well as extensive notes taken by the author present as civil society observer in Songdo, the opinions and statements by Board members will be identified with

either in form of a fourth yearly meeting or by making the existing three Board meetings longer, while the Dutch Board member felt that a prioritization of agenda items, including in when they were addressed during the Board meeting, would be the preferred way to go. A number of Board members from developing countries made a request to address the status of the resource mobilization as a separate standing item under the agenda, and were not satisfied with the response of the Peruvian Co-Chair that a report on the Fund's effectiveness date in relation to the pledges signed into legal agreement was forthcoming as part of the activity reports of the Co-Chairs and the Secretariats. The Board members from Saudi Arabia, South Africa, the DRC, Ecuador and India argued that the status of resources spoke to the life blood of the work of the Board to operationalize the Fund, as "in the absence of blood we only have a corpse" and urged to put such a standing agenda item at the top of the meeting's agenda. The Board member from Argentina also stressed that likewise a regular update on the implementation of the readiness program would be needed in conjunction with the status report on resources available at every Board meeting.

The Songdo Agenda was updated to accommodate the Board members' request with a discussion on the status of the resource mobilization efforts added right after the reports provided by the Secretariat and the Co-Chairs on their activities since the Barbados Board meeting in October 2014. The Board then adopted the meeting report of the 8th GCF Board meeting, which was made available on the GCF webpage.[1]

Activity Reports of the Co-Chairs and the Secretariat with a Focus on Readiness Support

Both the Secretariat and the Co-Chairs presented their respective activity reports to the Board. The activity report of the Co-Chairs[2] was noted by the Board without comments or questions. It highlighted key engagements by the Co-Chairs in the November 20, 2014 resource mobilization conference in Berlin, the COP 20 in Lima as well as in organizing an informal GCF Board dialogue in January 2015 in Den Hague, Netherlands, which was meant to identify and prioritize the main tasks for the GCF in 2015.

However, the longer and more detailed activity report of the Secretariat[3], which was presented by Executive Director Hela Cheikhrouhou and members of the Secretariat staff and which focused in particularly on progress with respect to opening the online accreditation system and readiness support, as well as the speed and level of resources of the initial resource mobilization process prompted numerous Board member interventions. They centered in particular on **the status of the readiness support program of the GCF** and success in reaching out to developing countries' National Designated Authorities (NDAs) and focal points to share information about the program.

At the time of the Songdo meeting in March, 101 countries had appointed NDAs or focal points (with the number grown to 129 countries by mid June 2015[4]), of which 52 have requested readiness support (in the meantime grown to 74 countries), with the majority of those requests focusing on a strengthening of the NDA/focal point or the development of country programs for GCF funding with stakeholder participation. The Secretariat outlined its goal to host six regional workshops by the end of the year. It specified the aim of supporting 30 countries with efforts to strengthen their NDAs/focal points, helping 20 countries with developing country programs with stakeholder participation; supporting 30 countries with identifying national entities for accreditation; and helping in general with project and program pipeline preparation.

Several developing country Board members (from South Africa, India, Bangladesh, Saudi Arabia, Cuba, Ecuador and Georgia) stressed that they needed better information on the status of the implementation of the readiness and preparatory support program and particularly of the specific requests by NDAs and focal points and the available resources to address these. They felt that the presentation given by the Secretariat was not detailed enough and asked for a revised and more comprehensive report to be provided to the Board. This report was to look in particular at the resources delivered, the resources

reference to the countries/constituencies they represent. Possible misrepresentations of Board member interventions are thus due to errors in note-taking. While no written transcript of the meeting is made public by the GCF Secretariat, the Board at its 4th Board meeting in June 2013 decided to provide a recording of the Board meeting to registered users on the GCF website three weeks after the meeting, thus making it possible for anybody interested to identify statements and positions by individual Board members. As of the publishing of this report (on June 30,2015) the summary of decisions taken by the Board in Barbados was available on the GCF website at a needed and the capacity to implement the program. The Board member from Saudi-Arabia questioned whether the process of readiness funding was too complicated, since by March only US$ 250,000 of the allocated US$ 15 million had been spent. The South African Board member voiced concerns that the readiness and preparatory support program could create greater readiness among consultants then amongst the countries and requested to focus outreach and communication on sharing best approaches for NDAs and focal points to be in charge of their country's readiness concerns. The Indian Board member questioning whether transaction costs for the program are too high, urged to focus on readiness on the disbursement stage. The Board member from Bangladesh stressed the disadvantage of Least Developed Countries (LDCs) in accrediting national entities and asked for a more focused approach of the program to respond to the needs of LDCs. Germany's new Board member urged to put a lot of focus on accreditation for direct access; she and her colleague from Barbados called for more workshops, in particular to engage multiple national stakeholders and to improve South-South knowledge exchange.

In responding to the Board's guidance and comments, the Secretariat committed to providing an updated report by end of April on the status of the implementation of the readiness support program, addressing particularly the level of disbursement. The April report[5] highlighted that by the end of April of the 45 countries having requested support for NDA/focal point strengthening and the development of strategic country programming framework, only one country, namely Mali, received a first disbursement of readiness funding. With up to US$ 300,000 per country available for these two activity areas, up to US$ 13 million of the Board allocation of US$15 million for the program in 2015 could be used for the 45 existing requests. The remaining resources (US$2 million) are to support accreditation, project pipeline development and knowledge exchange.

For the July 10th GCF Board meeting, the Secretariat will provide its mandated biannual update on the readiness program, including a detailed financial report on the status of the program. The new Board document[6] details that the number of readiness requests has grown to 74, with the Secretariat expecting to finalize by 30 June 2015 grant agreements with seven countries totaling US$ 1.9 million, namely the Comoros, the Dominican Republic, Ethiopia, the Federated States of Micronesia, Rwanda, Thailand and Togo. The Secretariat anticipates that up to US$ 700,000 of readiness financing will be disbursed to countries before the 11th Board meeting.

Reports from Committees, Panels and Groups

The Board heard progress reports from the various standing Board committees and panels, including the Investment Committee, the Risk Management Committee, the Ethics and Audit Committee, the Private Sector Advisory Group (PSAG) and the Accreditation Committee and took note of them. These committees and panels are an indispensable part of the working structure of the Board, given its non-resident status and the limited number of Board meetings and total meeting days, although the Board collectively continues to struggle with the question of whether and how much of its decision-making authority to delegate to such bodies and the GCF Secretariat. The updates from these committees and advisory groups are addressed individually in the context of the relevant operational modalities and policies in respective sections of the report further below, which these committees, panels and groups support.

Status of the Initial Resource Mobilization and the GCF "Effectiveness"

At the request of a number of developing countries Board meetings, including from South Africa, Saudi Arabia, Bangladesh, the DRC, Ecuador, Argentina and India, an agenda item on the status of the initial resource mobilization was added to the Songdo agenda, which will be also a standing item of future Board agendas. This reflected the sense of urgency by many developing countries that more clarity was needed on progress toward reaching the 50 percent of contributions pledged by the November 20th Pledging Conference in Berlin in the form of fully executed legal contribution agreements. Reaching that amount, which was expected to be no later than end of April 2015, was set as the effectiveness date for the Fund's authority to commit funding in Barbados decision B.08/ on the contribution policies for the initial resource mobilization. The Berlin pledging conference on November 20th saw 21 countries either re-iterate or upgrade previous commitments or make new funding promises, yielding a combined US$ 9.3 billion equivalent according to an official count by the GCF Secretariat. The amount considered to fulfill the effectiveness requirement thus amounted to US$ 4.65 billion. Post-Berlin, 14 additional countries pledged a further US$848 million by the end of December 2014 for a total of US$ 10.2 billion in promised contributions by 34 countries.

Reporting for the Secretariat, in Songdo its Chief Financial Officer detailed pro-active outreach to contributors in an efforts to have signed contribution agreements, with a total of four countries (Denmark, Luxembourg, Panama, and the Czech Republic) having finalized their agreements by the 9th GCF Board meeting for a total of US$80 million (or 0.8 percent of the effectiveness mount). Seven other countries (Belgium, Chile Island, Indonesia, Lichtenstein, Poland and Latvia) were at that time in the process of finalizing their agreements for a total of US$ 55 million. The Secretariat's Legal Counsel highlighted that further discussions to finalize contribution agreements were held on the sidelines of the Songdo Board meeting and expressed hope that by late April a significant number of contribution agreements could be signed while stressing the "unprecedented pace" of the entire initial resource mobilization process for the GCF since the November pledge meeting. The Secretariat also promised to have a "pledge tracker" with regular updates on its website.

Several developing country Board member expressed their concern that with only a few weeks left until the end of April effectiveness date obtaining enough fully executed contribution agreements might not be possible. The South African Board member wanted assurances that the contribution agreements to be executed would not contain any form of earmarking. Board members from Saudi Arabia and India warned also that missing the effectiveness date would send a bad signal to the climate negotiations for a new global climate agreement, wondering if there were any legal ramifications of missing the April date and if setting another deadline before the June climate negotiation session was needed in that case.

For the developed countries as the main contributors to the Fund, Board members provided updates on the efforts of their respective governments to finalize their country's contribution agreement. The Board members of France, Switzerland, Japan, Norway, Italy, the United Kingdom, Germany, the Netherlands and Sweden provided assurances that colleagues at home were working feverishly to try to meet the deadlines, with the Board member from the United Kingdom reiterating earlier calls to make all contribution agreements public. Only the Board members from the United States and Australia, citing specificities of their domestic budget processes, indicated that their countries would not be able to meet the April 30th deadline. The American Board member stressed that his office was engaged in an extensive program of briefings with appropriators to explain the work of the Fund and urged the national contribution agreements to be consistent with the approved Board policy on contributions.

Speaking on behalf of civil society, the Southern active observer welcomed the establishment of a pledge tracker on the GCF website and stressed that there are strong expectations for the Fund being a "fund of hope and not a fund of hype", including in its engagement of civil society stakeholders.

Outlining the Secretariat's continued efforts – and challenges – in finalizing country-by-country deliberations and country-specific agreements (for example with individual encashment schedules), the Executive Director during the Board discussion emphasized that the effectiveness deadline was helpful "in reigning in the enthusiasm of the lawyers in the contributing country capitals" and warned as the effectiveness date at the end of April was a policy decided by the Board that a new entity like the GCF should not breach its own policy as a rule. She stressed that if France, Germany, the Netherlands, Norway, New Zealand, Sweden, Switzerland and the UK were able to execute the commitment agreements by the end of April, then 56 percent of the commitments would be legally secured and the commitment date reached. The agenda item was closed with the Board taking note of the discussion and without setting a "Plan B" in case the effectiveness deadline was missed, since in the view of the Norwegian Co-Chair this would send a "signal of reduced ambition." Instead, the Co-Chairs committed to accessing the situation on a weekly basis and provide updates to the Board as needed.

On April 30th, the deadline for the effectiveness date, the GCF Executive Director issued a press release stating that the deadline was missed as with US$ 4 billion only 42 percent of the November 20th pledges could be confirmed via fully executed contribution agreements, with the United States and Japan with a combined pledge amount of US$ 4.5 billion not able to meet the target date. By April 30th, Austria, Belgium, Chile, the Czech Republic, Denmark, France, Germany, Iceland, Latvia, Lichtenstein, Luxemburg, Netherlands, New Zealand, Norway, Panama, Poland, Sweden, Switzerland and the United Kingdom had signed full or partial contribution agreements. She called "upon all other governments to urgently finalize their agreements to ensure the Fund can start allocating its resources as planned."[7] With the signature of the contribution agreement by Japan over US$ 1.5 billion on May 21st, the GCF's effectiveness (namely 58.5 percent of the November pledges), and with it the Fund's ability to begin allocating resources, was reached ahead of the June Bonn climate negotiation session.[8]

In preparation for the 10th Board meeting, the GCF Secretariat released a new status update on the progress of the initial resource mobilization effort.[9] The Fund's initial resource mobilization process is not yet concluded, with grant and loan contributions as cash and promissory notes still accepted on an ongoing basis, including by sub-national and state-owned entities in both developed and developing countries. As of June 16th, 25 of the 34 contributing countries signed contribution agreements for a total of US$ 5.75 million. The 25 countries were Australia, Austria, Belgium, Chile, the Czech Republic, Denmark, France, Germany, Iceland, Japan, Republic of Korea, Latvia, Lichtenstein, Luxemburg, Malta, Monaco, the Netherlands, New Zealand, Norway, Panama, Poland, Sweden, Switzerland and the United Kingdom (for a detailed update on the status of pledges, see the table in Annex II).

Based on these contribution agreements signed to date, the Secretariat projects the level of resources available for funding decisions by the Board to be around US$ 1.8 billion for 2015 and US$ 1.35 billion for 2016, although the actual amount available will be impacted by actual foreign exchange rates at the time of encashment. It is also yet to be seen if the Board can manage at its 11th Board meeting proposed to be held in late November to approve a number of project proposals with aggregate funding anywhere close to the 2015 amount.

Table 1: Resources available for GCF funding decisions based on signed contribution schedules

(Million US$ Equivalent*)

Calendar Year	2015	2016	2017	2018
Cash Contributions	270.01	327.27	315.65	341.87
PN Deposits	1,610.67	1,029.48	1,029.48	739.66
Total	1,880.68	1,356.75	1,345.13	1,081.53

* US$ equivalent, based on the reference exchange rates established for the High Level Conference (GCF/BM-2015/inf.01)

Source: GCF B.10/Inf.09, "Status of the Initial Resource Mobilization Process, Table 1, p.2.

Work Plan for 2015

In January, the new Norwegian and Peruvian Board Co-Chairs invited their colleagues to an informal Board dialogue session in Den Hague. The intention then was to draw some lessons learned from Board meetings during the previous years, which some previous meetings – especially the 8th one in Barbados – presenting a "mission impossible" agenda of too many issues to be addressed in too little Board meeting time. The idea was to discuss ways of streamlining Board proceedings and develop and agree earlyin the year on a work plan for the Board for the crucial year 2015, in which the full operationalization of the GCF and the start of decisions on funding proposals are seen linked to progress in the climate negotiations and a successful outcome at the Paris COP21.

In February, the Co-Chairs then shared a draft work plan for the year[10], believed to be – according to the Norwegian Co-Chair – "carefully calibrated." It drew on guidance by the COP20 in Lima, earlier Board decisions mandating follow-up and future Board actions as well as the views expressed by Board members in Den Hague, specifically also a proposal set forward by the regional group of African Board members. It proposed among other issues the organization of all work under five major themes, namely a) accreditation, b) readiness and preparatory support, c) proposal approval and investment framework,

d) cross-cutting issues such as disclosure and ethic policies, and e) institutional matters. Updates on GCF resources are now handled as a standing item in every Board meeting.

In Songdo, a number of Board members, while appreciative of the effort, felt nevertheless that the proposed work plan was missing some important elements. The South African Board member called for more focus on the approval process and selection criteria and specific guidance on regional project and programs and wanted to see the role of NDA beyond readiness activities clarified. The latter point was also stressed by the Cuban Board member. The South African member also suggested an ongoing dialogue about "resource envelopes" and a concrete business plan to target investments and ensure portfolio balance. His Chinese colleague wanted to see South-South learning and knowledge sharing more prioritized in the work of the Board, a point also stressed by India. The Cuban Board member warned that the Board would have to rethink the time devoted to the Board meeting as the current procedure did not allow for enough working time to discuss complex issues. He pointed out that the Board's relationship with other entities, including under the UNFCCC as an agenda item had been postponed for close to a year. The British Board member felt that the proposed work plan offered a good enough basis to allow for the incorporation of peer support and peer-to-peer learning efforts as well as further work on the role of the NDAs and suggested to approve it. Her German colleague agreed, overall, stressing that the 2015 the work plan should be viewed through the lens of what elements were needed to be able to have a robust project pipeline for funding decisions later this year.

For the active observers, the Southern CSO representative pointed out the importance of the issue of observer participation, which was scheduled to be discussed at the first Board meeting in 2014 and was repeatedly postponed or ignored for a deliberation scheduled now at the last Board meeting in 2015. She also highlighted the upgrading of the current interim information disclosure policy, for which some guidance was received by COP20, and an inclusive participatory stakeholder engagement process to develop the Fund's own safeguards as two other important processes to begin in 2015, warning that the hurry toward Paris was detrimental as the Fund would be judged by its outcomes, not by sticking to a political time-table. The Southern active private sector observer proposed a stronger focus in the work plan on the further accreditation of private sector intermediaries, the determination of the risk appetite of the Fund as well as on the evaluation and selection criteria for application and approval of projects and programs.

A revised version of the work plan was presented at the third day of the meeting. For the Secretariat, the Executive Director and the Country Programming Director highlighted some key policies as a must be considered for the 10th GCF Board meeting, including a monitoring and accountability framework for to accredited entities and further progress in the efforts to get the accountability units up and running as well as guidelines for the case-by-case consideration of the provision of financial instruments. There were contrasting views if the information disclosure policy, which the CSO active observers and the Board member from the United States highlighted as priority, would have to be addressed in the next meeting as there is an interim procedure. Several Board members, including from Guineau Bissau and Cuba reiterated calls for longer Board meetings, while other colleagues, including from the UK, Germany and the Netherlands, advocated to table more decisions-in-between meetings

In the end, the Board did not agree on the revised work plan for 2015, but requested the Co-Chairs to revise it further and to instead propose a provisional agenda for the 10th GCF Board meeting as soon as possible. This draft agenda was posted in early June.[11]

Analysis of the Expected Role and Impact of the GCF

At its 3rd meeting in Berlin in March 2013, the Board decided to consider at a future meeting the role and expected impacts of the Fund in achieving results (Berlin decision B.04/04). The Board agreed on initial result areas for the Fund with decisions at its 5th and 7th meetings on the initial results management framework, but did not address the role and impacts it hoped the Fund would have in these areas.

Addressing this leftover issue, the Secretariat's paper on further development of the Fund's RMF[12] for the 8th Board meeting in Barbados in October 2014 described the enormous challenges countries face, including tremendous resource challenges, to participate in global efforts to limit temperature rise to below 2°C and outlined the existing funding gap, which the Barbados paper presented as "an opportunity space for the Fund", including through its allocation of a significant share of its resources to the private sector, its engagement of local small- and medium-sized enterprises (SMEs) and its support for public private partnerships. The Barbados draft decision on that issue then proposed that the Board requested the Secretariat to present ways to strengthen its role in "channeling new, additional, adequate and predictable financial resources." Reacting to these recommendations in Barbados, several Board members emphasized that in their opinion the presented analysis missed the mark and did not fulfill the mandate set by the Berlin meeting, as it was not a detailed analysis of that the Fund hoped to achieve in its various impact areas for a transformational impact and what financial resources would be needed by the Fund to fulfill this mandate. Following a text proposal by the African group in the Board, Barbados decision B.08/07 then requested the Secretariat to complete the analysis of the expected role and impact of the Fund's initial results areas and present it to the Board at its 9th meeting, so that it can determine "Board level investment portfolios across the structure of the Fund based on the resource level outcomes of the initial resource mobilization process".[13] The analysis was also to address what impact the Fund can generate in the initial results areas (14 of them were defined in Paris decision B.05/03) in line the GCF initial investment criteria and sub-criteria (decision B.07/06).

In response to that mandate, for the 9th GCF Board meeting in Songdo the Secretariat presented a comprehensive analytical paper to the Board[14], which recommended that the Board confirm a set of potential investment priority areas and to issue calls for proposals as a preferred way of aligning the Fund's investment portfolio across the structure of the Fund to reflect those potential investment priority areas. Five were identified in particular as opportunities to maximize the Fund's impact results, including by a more integrated approach for addressing cross-cutting mitigation and adaptation impacts . Those were listed as:

- **a) Climate-compatible cities in Asia, Africa, Latin America and Eastern Europe:** with cities consuming 75 percent of global natural resources and 60 to 80 percent of global energy and responsible for 75 percent of emissions and expected to house 2/3 of the global population by 2050, cities are described as high impact area for mitigation. In addition, with many cities in developing countries located in coastal areas climate resiliency, including of poorer communities with informal settlements, against extreme weather is seen as a top priority.
- **b) Climate-smart agriculture in Africa and Asia:** Tackling climate change and agriculture linkages is identified as a high priority of developing countries in NAPAs and NAMAs. While agricultural emissions are expected to grow by 1 percent annually until 2030 (growing population, shifting diets), in adaptation the resilience of food systems and increased food security are presented as a core approach, including through a focus on strengthening gender-responsive support for small-holder farming.
- **c) Scaling up finance for forest and climate change in Latin America, Asia and Africa:** Avoided forestation is identified as approach with the greatest mitigation potential, with potential cross-linkages with sustainable forest management in order to increase the resilience of ecosystems and livelihoods through the delivery of REDD+ financing for sustained implementation momentum in countries having gone through REDD+ readiness phases.
- **d) Enhancing resilience in Small Island Developing States (SIDS):** a focus on resilience in SIDS is seen as a way to correct current funding imbalances which focus on economy-of-scale approaches over needs for the provision of timely adaptation measures with the potential to combine renewable energy, energy efficiency and resilience approaches, as most SIDS are dependend on energy imports; and lastly,
- **e) Transforming energy generation and access in Africa and Asia:** with key developing countries scaling up investments for low carbon energy, including to provide sustainable energy access to the energy poor and underserved, a focus on an integrated policy, regulatory and institutional framework approach in addition to addressing the high costs of access to finance for such energy investments is proposed, using GCF financing for the deployment of renewable energy technologies (including storage, smarter grid and concentrated solar thermal power).

In presenting the analysis to the Board on the first day of the meeting, the Secretariat's Director for Mitigation and Adaptation and its Director of the Private Sector Facility highlighted that the identified areas took into account the potential for integrated mitigation/adaptation approaches with co-benefits in a sustainable development context and were thus "excellent entry points and investment opportunities for holistic results". They were described as "sweet spots" where country needs align with high potential areas. For the PSF, its Director saw adaptation interventions with a focus on addressing supply chains and demand interruptions due to climate change impacts as a good opportunity to engage the private sector in urban and rural sectors.

Reacting to the presentation and the impact analysis, a number of developing country Board members warned against broad generalizations and rejected in particular a regional focus of investment priorities, which the members from Cuba, Georgia, Barbados, Ecuador and China criticized as overly restrictive and not in line with regional experiences and needs. The Board members from South Africa, Barbados and the DRC questioned why the analysis did not focus on all eight result areas identified in the GCF Results Management Framework and missed in particular a link to the resources the GCF after the initial resource mobilization has available and the difference it can make in identified impact areas with those resources vis-à-vis other funds. The representatives from Barbados and the DRC questioned also the scientific rigor of the paper, wondering why not more of the analysis of the IPCC 5th Assessment report was referred to. The Board members from Ethiopia and Sweden expressed some doubt about the priority the paper gave to private sector engagement in adaptation, seeing adaptation investments more as investments in public goods. The Board members from Argentina and Cuba objected to the use of the terminology of "climate-smart" agriculture, pointing out that it represented a contested concept and warning that in any Fund investment in agriculture the food security demands had to be seen as top priority.

In contrast, the Board member from the Netherlands welcomed the focus on the role of the private sector in addressing the climate resiliency supply chains advocating for public-private-partnership approaches for example in food security and water management. Rejecting the statement of several colleagues (including from Georgia, South Africa, the DRC and Ecuador), who did indicate that they would not be able to decide on the recommended investment priorities at the Songdo meeting, the Board member from Norway felt that paper was ripe for decision. He asked for more detail on how the GCF would use results-based-financing approaches in more GCF priority impact areas other than in the forestry sector.

Responding to some of the comments and questions by the Board, the Secretariat representatives pointed out that the paper identified the value added by the Fund in the proposed investment priority areas and that instead of taking about a "climate-smart" approach it was better to focus on climate-resilient resilient smallholder agriculture with a gender-sensitive approach. He clarified that the presented regional foci did not mean a de-priorization of the same issues in other regions. For the PSF, its Director defended a focus on private sector engagement in adaptation, pointing out that the GCF could differentiate itself in that area from other players by focusing on the efficiency of private sector engagement, particularly in urban areas

The Board members from China, France and George pointed out that they saw the recommendations of the impact paper as "illustrative, not exhaustive", with the colleagues from China and Germany adding that the Fund should not start with top-down priorities but with a bottom-up approach of the needs for funding expressed by the countries in line with the impact areas already identified in the Fund's initial results management and investment frameworks. The German and US Board members then suggested that the Secretariat should track the distribution of proposals across the impact areas received through bottom-up proposals for a period of two years, and address identified gaps in reaching the ambition of the Fund through targeted calls for proposals if necessary. The Australian Board member suggested that such a tracking of proposals and looking at the gaps might be better linked to the portfolio value rather than a specific time-frame.

For the active observer, the Northern active civil society observer criticized that the impact paper did not frame the analysis in the context of sustainable development and needed to include a gender-sensitive and rights-based approach. He pointed out that an elaboration of forest finance needed to include co-benefits and rights of indigenous peoples and local communities. He supported the interventions by Germany, the US and China to start with a bottom-up approach and do an analysis of potentially missing areas later. On behalf of the private sector, its Northern active observer concurred with a focus on a stronger consideration of local investors in such a strategic approach. He appreciated efforts to focus on the value added that GCF financing could provide, but warned that the landscape is evolving fast and suggested that by focusing on thematic areas opportunities to find cross-cutting solutions could be missed.

The Co-Chairs then suspended the discussion to allow for work on a new decision text, which was brought back before the Board on the third day of the Board meeting. The new decision text highlighted that the investment opportunities presented were illustrative, not prescriptive and introduced an approach to monitor the distribution of the overall portfolio in line with the results management and investment frameworks of the Fund. Board members disagreed on whether a reference to targeted call for proposals should be retained in the decision, with the Chinese colleague objecting that it presented a top-down not a bottom-up approach. Others argued about whether reference to "illustrative investment opportunities" should be retained. The Board members from Germany and the UK requested also that the proposed monitoring approach, which combined a 2 year time-frame with a portfolio investment goal, lower the portfolio threshold from US$3 to 2 billion.

Songdo Board decision B.09/02 only takes note of the findings of the analysis, including the illustrative investment opportunities the paper identified. Thus, the five suggested investment priority areas were not adopted. The decision also requests that the Secretariat monitor the Fund portfolio, report on it to the Board and recommend when action is needed to align the portfolio composition with the Fund's initial results management framework when the portfolio reaches US$2 billion, but no later than two years after the first GCF funding decision (which could be then in November 2017).[15]

Further Development of the Initial Investment Framework: Sub-Criteria and Methodology

Decision B.04/08 on the Private Sector Facility (PSF) at the 4th Board meeting in Songdo in June 2013 urged the establishment of an Investment Committee, to "review investment proposals and instruments and recommend their approval in accordance with social and environmental safeguards and the Fund's objectives and the risk management framework."[16] The 5th Board meeting in Paris in October 2013 then established an Investment Committee as a standing Board committee comprised of three Board or Alternate Board members each from developed and developing countries. It is chaired by the Board member from India with colleagues from Australia, Chile, the UK, China and Norway (with the Norwegian colleague replacing the former Danish committee member)[17]. The Investment Committee has the primary responsibility to develop the investment framework in close cooperation with the Private Sector Advisory Group (PSAG) and the Risk Management Committee.

The investment framework was originally meant to only focus on the PSF, but now is to apply to the Fund's whole portfolio. The Fund's investment framework is tied closely to the "risk appetite" of the Fund, as well as the approval process, specifically by setting the investment criteria for Board approval of GCF projects and programs.

At its 6th meeting in Bali, the Board in an informal discussion considered a progress report by the Secretariat[18], which outlined the purpose and core elements of the proposed GCF investment framework. It solicited strong feedback from a number of Board members showing a reluctance to delegate investment decision making from the full Board to either the Secretariat or the Board's Investment Committee and on whether the investment framework with a set of investment criteria should apply portfolio-wide or be applied differentially, for example depending on mitigation or adaptation projects or recipient country groupings (such as based on need or income). A reworked paper on the GCF's proposed investment framework presented to the Board for decision at its 7th meeting in Songdo[19] suggested several components of an initial investment framework, namely (a) an initial set of **investment policies** setting out overall investment target goals and guiding principles; (b) an **investment strategy and portfolio targets,** which would be initially those set by the Fund-wide allocation parameters decided at the 6th Board meeting in Paris; and (c) specific **investment guidelines** elaborating the **activity-specific decision criteria** which the Board would apply for the approval of projects and programs under the initial proposal approval process.

Songdo Board decision B.07/06 adopted the Fund's initial investment framework with its initial activity-based investment guidelines after long and heated in-depth deliberations with Board consensus on six criteria (namely, "impact potential", 'paradigm shift potential", "sustainable development potential, "needs of the beneficiary recipient," "country ownership" and "efficiency and effectiveness"). Each of these project-criteria was defined further by several coverage areas, such as "contribution to the creation of an enabling environment" or "mitigation impact", some 25 in total (see Table 2 for an overview of the investment guidelines as they currently stand). Activity-specific sub-criteria and indicators and specifications were to be developed drawing on the advice of the Board's Investment Committee and on consultations with the Private Sector Advisory Group (PSAG).

Table 2: Initial Criteria and Coverage Areas for Assessing Project and Program Proposals

Criterion	Definition	Coverage area
Impact potential	Potential of the project/ program to contribute to the achievement of the Fund's objectives and results areas	• Mitigation impact • Adaptation impact
Paradigm shift potential	Degree to which the proposed activity can catalyze impact beyond a one-off project or program investment	• Potential for scaling-up and replication and its overall contribution to global low-carbon development pathways, consistent with a temperature increase of less than 2 degrees • Potential for knowledge and learning • Contribution to the creation of an enabling environment • Contribution to the regulatory framework and policies • Overall contribution to climate-resilient development pathways consistent with a country's climate change adaptation strategies and plans
Sustainable development potential	Wider benefits and priorities	• Environmental co-benefits • Social co-benefits • Economic co-benefits • Gender-sensitive development impact
Needs of the recipient	Vulnerability and financing needs of the beneficiary country and population	• Vulnerability of the country • Vulnerable groups and gender aspects • Economic and social development level of the country and the affected population • Absence of alternative sources of financing • Need for strengthening institutions and implementation capacity
Country ownership	Beneficiary country ownership of and capacity to implement a funded project or program (policies, climate strategies and institutions)	• Existence of a national climate strategy • Coherence with existing policies • Capacities of implementing entities, intermediaries or executing entities to deliver • Engagement with civil society organizations and other relevant stakeholders
Efficiency and effectiveness	Economic and, if appropriate, financial soundness of the program/project	• Cost-effectiveness and efficiency regarding financial and non-financial aspects • Amount of co-financing • Program/project financial viability and other financial indicators • Industry best practices

Source: Document GCF/B.07/11, "Decisions of the Board – Seventh Meeting of the Board, 18-21 May 2014", Annex XIV, Table 2, p. 63f.

The decision from Songdo also set the initial portfolio targets for the Fund's investment strategy in line with first-tier allocation decisions from the Bali meeting (decision B.06/06), such as the balanced allocation "over time" for mitigation and adaptation, the floor of 50 percent of GCF adaptation financing for particularly vulnerable countries, as well as efforts for geographic balance and maximized engagement with the private sector through a significant allocation for the PSF. Decision B.07/06 requested that the Investment Committee, with support from the Secretariat and considering recommendations from the PSAG, develop for decision at the 8th meeting in Barbados definitions for activity-specific sub-criteria and indicators taking into account the initial results management framework and the Paris allocation decision, but also Bali decision B.06/07 on gender and a future decision on additional results areas for adaptation. The Investment Committee was also tasked to prepare for the Barbados meeting "a comparison of methodologies to assess the quality and innovativeness of comparable proposals in comparable circumstances." In the summer of 2014, the Secretariat issued its (so far one and only) call for public input on developing activity-specific sub-criteria as well as minimum benchmarks for each criterion. A compendium of the input received was published on the GCF website.[20] Contentious issues for which there was no consensus in the Investment Committee included the extent to which both quantitative and qualitative investment and review criteria would be used in assessing proposals; how competitive such a scoring and review system should be (as opposed to ascertaining minimum qualification requirements); and if in assessing project proposals country (portfolio) considerations should be taken into account.

For the 8th Board meeting in Barbados, a draft document[21] was prepared for Board consideration but the issue was not taken up in Barbados due to time-constraints. The Barbados document proposed a detailed set of initial activity-specific sub-criteria (acknowledging that these can neither be exhaustive nor final), which started to differentiate between those applying to adaptation or mitigation specifically (for example with mitigation sub-criteria focusing on cost-effectiveness and co-financing). It also proposed an illustrative assessment methodology which rated on a scale from 1-5, using some "illustrative assessment factors" or indicators, whether sub-criteria will be fulfilled. In the case of the country ownership criteria proposed a yes/no determination of coherence with recipient country strategies and policies. These assessment factors as well as the rating scale were to be used by the Independent Technical Advisory Panel (ITAP) to conduct a technical assessment of funding proposals together with the Secretariat. Such an independent advisory panel was established with Board decision B.07/03 as part of the GCF's initial approval process. It is comprised of four panel members with expertise and competency in fields relevant to the Fund's initial results areas (determined by Paris Board decision B.05/03) and the Fund's results management framework (with further work on the initial framework adopted with Barbados decision B.08/07). At the 9th meeting, the Board did set the terms of reference of the ITAP (see separate section below).

Reporting on the work of the Board's Investment Committee since Barbados, its Indian Chair informed his colleagues in Songdo that the committee met three times to try to advance the further development of the initial investment framework, with the application of a qualitative and quantitative analysis and assessment methodology as the most contentious issue. The paper for Board consideration at the 9th Board meeting[22] for that reason proposed two very different assessment methodologies, since the Investment Committee could not find consensus on the use of one methodology, thus bringing the issue to the full Board. The paper highlighted the findings from research of assessment methodologies utilized by other climate funds and international financial institutions, showing for example a differentiation between criteria for mitigation and adaptation; the use of a combination of quantitative and qualitative assessments; that weighing is generally not used; and that rating or scaling is used to some extent to indicate the extent to which a project proposal performs against individual criteria.

In presenting the paper to the Board, the Secretariat's Director for Mitigation and Adaptation stressed that the Fund's investment framework with criteria, activity-specific sub-criteria (on which the Investment Committee was largely in agreement), and indicative assessment factors (of which accredited entities would only pick the "applicable and relevant ones") represented a robust and comprehensive tool for the Secretariat and the ITAP to compare proposals. The paper proposed a detailed set of activity-sub criteria and indicative, not prescriptive assessment factors. For example for the investment criteria of "impact potential" for mitigation the contribution to the shift to low-emission sustainable development pathways was seen as the activity-specific sub-criterion in this case, with for example the expected tons of CO_2 equivalent to be reduced or avoided or the expected increase in the number of households with access to low-emission energy or the degree to which an activity avoids the lock-in of long-lived, high-emission infrastructure identified as some of the indicative assessment factors or indicators with both qualitative and quantitative focus.

As the Investment Committee could not agree on an initial assessment methodology, the Secretariat presented two distinct assessment options. Option A would be assessing the proposal against a set of indicative minimum benchmarks (which for the impact potential for mitigation could be a minimum lifetime emissions reduction amount, differentiated between vulnerable and all other countries). The Secretariat and the ITAP, using qualitative judgment and quantitative analysis, would each review the proposal separately and then each assign a scale of low, high or medium at the level of the investment criteria and document their respective rationale for that assessment. The Board as part of the full funding proposal documentation would then receive the ITAP's and the Secretariat's assessment. In comparison, Option B would not determine minimum benchmarks for each investment criterion and instead of using a rating scale the Secretariat and the ITAP would each only document their respective findings in assessing how the proposal is expected to perform against each investment criterion. The Board would receive these assessments likewise as part of the full funding proposal documentation to guide its funding decision. While assessment Option A allows for greater comparability of project proposals, Option B puts a higher emphasis on qualitative judgment and flexibility, thereby introducing also more subjectivity.

In discussing the respective desirability of the two proposed approaches, a clear dividing line emerged between developed countries, which overwhelmingly favored Option A with a scaling system and minimum benchmarks, and developing countries, which asked for more flexibility and a more inclusive starting point for the initial investment framework and thus preferred Option B with just the assessment findings. For the developed countries, the Board members from Germany, the United States, Australia, the UK and Italy stressed that Option A was the only approach providing reassurance that the GCF was funding with transformational impact and which signaled to the outside world and implementing entities the Fund's high ambition. Board members from the UK and Sweden defended Option A as the instrument for decision-making that was transparent and objective, while the American Board member praised it as the tool necessary to differentiate "plain vanilla", perfectly acceptable projects from high impact proposals with higher risks in a way that supported and protected good proposals. He suggested that a way forward could be to further separate benchmarks into threshold benchmarks needed for the consideration of a project and aspirational benchmarks, which would be less binding but allow for a higher ambition over time.

In contrast, several Board members from developing countries, including from Saudi Arabia, Cuba, China, the DRC and India supported Option B as simpler and easier and defended it as a good starting point in line with the practice of most other funds. Sharing the experience of African states with the promise of the CDM to provide funding for sustainable development and technology transfer, the Board member from the DRC underscored that African stakeholder would fare better with Option B, saying that if a benchmarking approach were to be taken it would need to recognize that African states, SIDS and LDCs would perform very differently and differentiate accordingly. The Board member from Bangladesh concurred, asking for the comparison only of comparable projects in similar countries to avoid an apples-to-oranges comparison. This point was also supported by the Board member from Barbados who emphasized that the investment framework needed to treat all proposals fairly so as not to put for example proposals from the SIDS at a disadvantage. The Saudi Arabian and Chinese Board members stressed that the proposals should not be judged by unscientific benchmarks and as a learning institution the Fund could start out "sufficiently enough ambitious, but not too complicated" and allow all participants to "hurry slowly" along the learning curve. Both the Indian and the Cuban Board members pointed out that neither the GEF nor the MDBs used ratings, but all relied on qualitative judgments. The Indian Board member reiterated his opinion that the ITAP should focus more on giving strategic directions than on rating and selecting.

Several Board members spoke up in favor of attempting to find an Option C as a middle ground, with the Board member from Sweden suggesting that the Investment Committee could be tasked with this effort. The Board member of Ethiopia suggested that with some flexibility, for example in how it is applied to adaptation proposals, some indicative benchmarking might be feasible, with the Argentine colleague proposing that minimum project requirements could be applied just in some cases.

On the issue of sub-criteria, many Board members welcomed improvements made since the Barbados discussion, but wanted to see some specific improvements. The Dutch colleague asked for clearer language in the sustainable development criterion on sub-criteria on gender and growth and demanded more work be done to include gender aspects across sub-criteria and minimum benchmarks. The Board member from the DRC felt that costs and risks should be assessed as part of a determination of an enabling environment not just for mitigation, but also for adaptation, with his Swedish colleague agreeing. The German Board member asked for more differentiation and country specificity throughout the framework as well as more differentiation between small- and large-scale projects, acknowledging that this was a complex matter and suggesting further work by the Investment Committee and a reconsideration of this issue by the Board at its 12th meeting. The Board member from Norway missed a reference to results-based financing in the framework, while the Japanese Board member urged to build in some flexibility into sub-criteria to allow for innovative projects.

For the active observers, the Northern civil society representative supported the idea of some indicative benchmarks, which should be flexibly tailored to country circumstances, particularly for vulnerable countries and time-bound with a formal built-in review process developed with the meaningful engagement of civil society. On the assessment methodology, he advocated for an Option C with the involvement of stakeholders through a meaningful consultation engaged for Board decision at a later point. He urged for sub-criteria to rule out climate-polluting energy generation and called for an exclusion list of fossil fuel technologies and approaches in the GCF, as is already common practice amongst many international financial institutions. Speaking for the private sector, its Southern active observer supported

Option A with benchmarks as the approach giving most clarity to private sector participants, which she argues are used to work with benchmarks such as a hurdle rate on investment.

Before the Peruvian Co-Chair sent off a small group of Board members (the investment committee members plus Argentina, Bangladesh, Switzerland, Germany and South Africa with Germany and Bangladesh chairing) to try to find common ground on an Option C and work further on sub-criteria, the Executive Director took the floor. She reminded colleagues of the ability of countries to approach the independent redress mechanism in cases they did not agree with a project proposal's rejection by the Board, warning that "if we do not have clarity in the investment framework, we will need hundreds of people in the IRM" to deal with possible complaints. She stressed that NDAs, prospective implementing entities and intermediaries are constantly asking the Secretariat for guidance on what the GCF will fund and urged to keep the assessment methodology and the sub-criteria simple so that those with the lowest capacity are not discouraged. She also stressed that according to decision B.07/06 the investment framework was initial that this would therefore also apply to sub-criteria and assessment factors which are only considered indicative, not permanent at this point.

Reporting back on the last day of the meeting to the full Board on the progress made, the German chair of the small group on investment presented a new draft decision and revised annexes, which attempted to give more weight and consideration to the specific circumstances of countries, sectors and localities by building in more flexibility throughout the framework. The Option C that she presented used some benchmarks, but tasked the Secretariat to elaborate them further for Board consideration at its 12th meeting. Responding to the proposed changes, the Board member from the DRC felt that the special consideration for proposals from African states, SIDS and LDCs at the benchmark level he had advocated was poorly reflected and said he was therefore unable to support the revised proposal, with the colleague from Samoa also demanding a clearer differentiation among development countries. In response to these comments, the Board member from India declared that some effort for differentiation was made but that is was not the time to reopen agreed language in the UNFCC and Governing Instrument context on which countries could be classified as vulnerable. He declared his willingness to allow the Secretariat more time to get the language right, but insisted on the deletion of a text passage in the reworked decision text referring to the use of the scaling system to assess the expected performance of projects and programs based on the initial investment criteria. The Board member from Cuba also noted his dissent, although he said he would not block a way forward. For the United States, its Board member professed disappointment in a weak decision text that with a removal of the paragraph on scaling would in his view not be sufficiently strong for the ambition of the Fund. He also urged to come to a decision here as otherwise the interim period with an investment framework still in flux until the 12th GCF Board meeting (in Spring 2016) would be too long. The discussion was suspended to allow concerned parties on the side lines of the proceedings to try to come to an agreement.

Reconvening in the early morning hours of the 4th Board meeting day, a new decision version was proposed, which the Indian Board member rejected, declaring that he was unable to agree to the changes proposed and asking to take a decision on the framework to the next Board meeting. A subgroup with Board members from India, the United States, the DRC and China then continued in a small huddle to iron out differences. At 4 am in the morning, another decision draft was presented. It restricts the application of a three-point scaling system with ratings of "low", "medium" and "high" to a subset of projects and programs, which the investment committee is supposed to recommend by the 10th Board meeting. If the Board cannot agree to such a subset, the scaling pilot approach will automatically apply to all medium and large projects. With this compromise the revised decision text was agreed.

Decision B.09/05[23] notes the Board's agreement to keep the initial investment framework under review and to take action if necessary, especially with respect to the criterion on needs of recipient countries. It adopts a detailed set of initial activity-specific sub-criteria and indicative assessment factors with the understanding that national and sector-wide sub-criteria can be used only at the discretion of the recipient countries (see Annex III for a listing of the sub-criteria and assessment factors approved). It decides to use indicative benchmarks to demonstrate potential for a paradigm shift and encourage ambition and requests the Secretariat to present such benchmarks for Board consideration at its 13th meeting (in Summer 2016) that take into account the needs of those developing countries particularly vulnerable to the adverse affects of climate change, in particular the LDCs, SIDS and African states as well s project size, differentiate between mitigation and adaptation and look at local and sector circumstances. The Secretariat and the ITAP are asked to apply minimum benchmarks with flexibility and with respect for country ownership and country circumstances. In using an assessment scale, a scale pilot for a subset of proposals is to be established, which will automatically apply to all medium and large projects if the Board at its next meeting cannot agree on such a sub-set. The Secretariat and ITAP are also asked to consider the needs of the most vulnerable countries when applying the assessment scale. The Secretariat is tasked with the development of a detailed guidance to accredited entities and the NDAs on the application of the proposal approval process (which now includes minimum indicative benchmarks and an assessment scale), which is to take the inputs from NDAs into account.

Terms of Reference of the independent Technical Advisory Panel

As part of its decision B.07/03 on the GCF's initial approval process, the GCF Board decided in June 2014 to establish an independent Technical Advisory Panel (ITAP) to conduct a technical assessment of funding proposals together with the Secretariat. Decision B.07/06 on the initial investment framework also requested the Secretariat to prepare a document outlining additional support structures and expert advice needed in order to facilitate the work of the Secretariat in assessing investment proposals against the activity-specific criteria of the investment framework. The 8th Board meeting in Barbados in following up with work on the approval process was supposed to consider draft terms of reference for the ITAP. A paper prepared then[24] suggested that such a panel be comprised of four panel members to be nominated by the Investment Committee with expertise and competency in fields relevant to the Fund's initial result areas (determined by Paris Board decision B.05/03) and to its initial results management framework (Board decision B.07/04). However, in Barbados the issue was not taken up. Instead, the 9th Board meeting in Songdo in March 2015 considered the mandate of the ITAP as well as further work on the initial investment framework.

The paper for the Board[25] laid out the panel's role in the six steps of the proposal approval process as providing independent analysis of the project proposal against the activity-specific criteria and sub-criteria contained in the investment framework (step 4) and providing recommendations for approval or rejection of the proposal to the Secretariat which at the same time carries out second-level due diligence of the proposal against the interim environmental and social safeguards and the gender policy, and financial policies of the Fund in addition to assessing the proposal against the criteria of the investment framework. The short paper draws on lessons from the experience with similar technical project review bodies in the GEF and at the CIFs and recommends a strategic use of the ITAP only for medium and large funding proposals (defined in this paper as over US$ 10 million for the Fund's contribution to the overall project and program funding). Micro and small projects would only be assessed by the Secretariat.

The draft terms of reference propose a panel of four with two each from developed and developing countries, who can call in additional experts on a case-by-case basis; they are to serve for a three-year term with the possibility of renewal, and will be compensated for their assessment work, which will be done remotely. Individual project assessments are to be done within two weeks. Collectively, their expertise is to cover a wide range of specialties related to mitigation, adaptation, the private sector and financing, although no commensurate expertise on sustainable development, economic, gender and social contexts (which are part of the assessment criteria of the investment framework) was proposed. They will be nominated and selected by the Investment Committee with the support of the Secretariat for endorsement by the Board, but according to the draft terms of reference submitted by the Secretariat members could be relieved of their duty by the Executive Director. They are to disclose any potential conflicts of interests in assessing funding proposals and have to take an oath of office including such a provision..

As the GCF Board plans to approve the first project proposals at its Fall Board meeting, the new ITAP will have to be constituted by early summer to allow for the joint assessment of proposals in September and early October, with delays, for example in determining the members of the ITAP, leading to a delay of this tight time-line.

In reacting to the proposed terms of reference for the technical advisory panel, a large number of Board members highlighted the panels important role and strategic importance. The Board members from Switzerland, Italy, the United States, Ecuador, the UK and Germany demanded therefore that it should be fully independent of the Secretariat, with only a Board committee (either the Investment or the Ethics and

Audit Committee) having the competence to release an ITAP member from his/her duty. Board members from Switzerland, the United States, Barbados, the DRC, the UK, the Czech Republic, Ecuador, France and Germany also felt that the broad spectrum of expertise needed could not be accomplished with a body of four members. Consensus emerged to have at least a panel of six experts (three from developed and three from developing countries) with one chair, as well as gender-balance among panel members. Several Board members, including from Norway, the DRC, the Czech Republic and Barbados, also suggested drawing on a pool or raster of specialist experts in support of the panel, similarly to the practice at the Global Fund. Many felt uncomfortable with restricting the involvement of the ITAP to only medium and large scale projects, worrying that smaller projects would not receive the quality consideration they deserve and rejecting such an arbitrary cut-off. The German Board member even proposed for the ITAP to look at concept notes to provide early expert feedback and to ask the ITAP to seek stakeholder input in assessing project proposals. While the Board member from South Africa wanted to know the financial implications of setting up the ITAP (pointing out that the work of a similar body at the GEF costed about US$2.5 million per year), the Board member from Cuba wanted more information on how the candidates for the panel would be recruited and how geographic diversity in addition to gender balance could be assured. Lastly, several members stressed that the ITAP members should be subjected to a Fund policy and ethics and conflicts of interests.

For the active observers, the Northern civil society representative supported the call for the complete independence of the panel as well as a larger number of panel members and endorsed specifically Germany's recommendation to task the ITAP with outreach to stakeholders. He also stressed that, at least in the beginning, the ITAP should consider all project proposals independent of their scale. His private sector colleagues suggested augmenting the expertise of the ITAP through a collaboration with UNFCCC technical expert bodies, such as the Technology Executive Committee.

In responding to comments and questions from Board members, the Secretariat's Director for Mitigation and Adaptation clarified that the US$10 million threshold for ITAP involvement was not arbitrarily chosen, but related to the proposals for streamlined approval procedures for small-scale projects which the Board is mandated to develop under para.53 of the GCF Governing Instrument. The Executive Director clarified that the search for candidates for the ITAP would be conducted in a similar fashion to the search for members of the PSAG and the Accreditation Committee, including via the GCF website and through Board member referral.

The draft decision and ITAP terms of reference were reworked and presented to the Board again, with significant changes to the terms of reference. These included the expansion of the panel from four to six members with gender-balance, their engagement on all funding proposals, the possibility by the panel to seek input from stakeholders, their ability to receive the assessment by the Secretariat of a proposal's compliance with safeguards and the gender policy, as well as the possibility to expand the mandate of the ITAP to provide strategic insights. The Board can now also call on the ITAP to report to the Board directly. All panel members will adhere to the Fund's policy on ethics and conflict of interest as well as its disclosure policy with disclosures of potential conflicts of interests to be reviewed by the Independent Integrity Unit. The consultancy contract of an ITAP member can be terminated by the Executive Director only after consultation with the Board's Ethics and Audit Committee. With Board decision B.09/10, the Board approved these revised terms of reference for the ITAP and requested the Investment Committee to nominate six experts as soon as possible[26]. These nominations were supposed to be endorsed by the Board as a decision taken in-between meetings on a no objection basis before the 10th Board meeting in July, although no record of such a decision was available on the GCF website as of end of June.

Initial Financial Risk Management Framework: Survey of Methodologies to Define and Determine Risk Appetite

At its 4th meeting June 2013 in Songdo, the Board in Decision B.04/08 on the Private Sector Facility (PSF) decided to set up a risk management framework for the Fund. The 5th Board meeting in Paris in October 2013 then established a Risk Management Committee as a standing Board committee comprised of three Board or Alternate Board members each from developed and developing countries. The Risk Management Committee is chaired by the Board member from Indonesia, with the Dutch colleague acting as vice-chair and colleagues from Japan, France, Zambia and the DRC as members[27]. It was tasked in Paris to provide guidance to the Board on elements of the Fund's risk management framework, focusing initially on a financial risk management framework for the Fund and addressing the GCF's "risk appetite" as reflected in the investment policy and criteria of the Fund's Investment Framework set by the Board's Investment Committee (see separate section). Thus, a close collaboration between both standing Board committees is essential.

At its 6th meeting in Bali, the Board considered only a progress report by the Secretariat[28], outlining the purpose and core elements of the proposed GCF financial risk management framework. In the Board discussion then, Board members had stressed that it was vital to have a clear understanding and consensus in the Board on the risk appetite for the Fund, which several Board members had urged must be higher than that of existing funds. Board members also asked for more guarantees to avoid cross-subsidization and ensure sufficient grant inputs into the Fund, for example by adding a significant capital cushion to loan inputs into the Fund. A reworked Board paper presented for decision at the 7th Board meeting Songdo[29] argued that by the nature of its mandate to achieve a paradigm shift, the Fund will have to assume a higher level of risk for climate-related investments than conventional market interventions (for example to deal with unconventional technologies, scaling-up, and perceived or real lack of financial viability). As the Fund will work – at least initially -- through intermediaries and implementing entities, the latter will have to assess and manage asset-side risk at the project level, while the Fund will monitor and manage aggregate or portfolio-wide financial risk of assets and liabilities.

At its 7th meeting, the Board adopted an initial financial risk categorization and management framework to be reviewed as early as after one year, with an in-depth review to take place no later than three years after the initial capitalization of the Fund. Songdo decision B.07/05 confirmed that the Fund's risk management and reporting system will have to be made operational before the Fund can approve proposals. In order to determine the Fund's eventual risk appetite, the Board requested the Secretariat to start some analytic work by surveying existing methodologies used by other relevant institutions to define and determine their own risk appetite and report for the Board's consideration at the Barbados meeting in October.

A Board paper was prepared for the 8th GCF meeting[30] and the issue put on the meeting's agenda, although in the end, due to time constraints, not considered by the Board. The topic was then presented again at the 9th Board meeting, with a new paper prepared for the Board. Reporting on the work of the Board's Risk Management Committee since the 8th Board meeting, the Indonesian chair endorsed the new paper prepared by the Secretariat as a good basis to proceed with incorporated lessons learned from other institutions' effort to determine their own risk appetite. He stressed the recommendation by the Risk Management Committee that the Fund's risk management framework should be more centered around what the paper describes as "climate impact risk" than on the financial risk, as this will be the ultimate determinant of whether the Fund can fulfill its purpose, The Committee recommended also a clear separation between the discussion of risk-related issues and policy and investment related issues, with the latter to come under the purview of the Board's Investment Committee.

In presenting the paper to the Board, the Secretariat's Chief Financial Officer outlined the development of the methodology for the GCF risk appetite (to be decided at the 10th Board meeting) and a Board agreement on setting the GCF risk appetite (scheduled for the 11th Board meetings) were the next steps. The Songdo Board document elaborated the multiple dimensions of risk (financial and non-financial, including reputational risk categories), that in the aggregate – with the possibility of weighing differing types of risk differently – will then determine the Fund's risk appetite. It then surveyed the methodologies other institutions (such as the multilateral development banks or existing climate funds such as the Adaptation Fund or the GEF as well as some commercial banks) use by looking at the financial inputs of institutions, their policies for replenishment and liquidity and resource allocation and who (share- and bondholders, donors or recipient) would take the risk. The paper suggested some risk assumptions for the GCF funding context, for example that the Fund should have a higher appetite for risk when supporting activities with higher potential climate impacts or that the GCF should be more willing to take risks when supporting activities in small island developing states (SIDS) or Africa than in the rest of the world and should be more willing to carry risks for GCF grants than for GCF loans. This underlines the key point that the higher the Fund's risk appetite is determined to be, the greater the level of concessionality (up to and including full-cost grant financing) of its funding decisions can be. The paper – assuming a growth of the GCF loan portfolio over time – suggested the possibility of establishing a loan loss reserve (financed by capital contributions to the GCF, a loan cushion added to loan inputs to the Fund and a fraction of future loan repayments). It also looked at a non-performing loan (NPL) approach, which would set maximum amounts of NPLs for different units of the Fund's operations a well as for the overall Fund portfolio.

In Songdo, the Board was only asked to take note of the surveyed methodologies presented and mandate further work in determining a Fund-specific methodology with various scenarios and key determinants for the GCF risk appetite. In the Board discussion, several Board members including from India and Bangladesh and Switzerland felt that the survey was unnecessarily restricted to multilateral institutions and donor-based development banks, neglecting the experience of public and private developing country institutions in managing risk. While the Board member from Bangladesh asked to look beyond the environmental and climate impact risk also at economic risk factors, the US Board member argued for more focus on non-financial risk such as integrity, compliance and safeguards risk and the mitigation of both financial and non-financial costs. The question was asked if it was necessary to rank risk categories and establish a risk hierarchy. The Swiss and the French Board member also wanted more clarification related to risk-sharing, including between the Fund and implementing entities and intermediaries, but also in cases where an accredited intermediary is a subsidiary of a larger institution.

For the observers, the Southern active private sector observer urged speed in determining the Fund's risk appetite and warned of the risk that GCF policies could be ineffective in attracting private investment. The Southern active civil society observer urged a differentiation between the risk appetites for mitigation and adaptation investments, with grant-financing for adaptation needing a much higher willingness to take risk.

With decision B.09/06[31], the Board took note of the survey of methodologies to define and determine risk appetite and requested the Secretariat, in consultation with the Risk Management Committee to continue its work. For the 10th GCF Board meeting in Songdo in early July, a new Board paper[32] lays out the risk categories and sub-categories that the Board should consider in setting the GCF's risk appetite, how risks should be prioritized, respective risks targets and limits, and what corrective action needs to be taken. At the July meeting, the Board is asked to consider the elements of such a "risk dashboard" as the basis for further refinement of the methodology and to allow the Secretariat to run various risk modeling scenarios before the Fund's risk approach is then decided and communicated via a Board-agreed risk statement to the broader public after the 11th Board meeting.

Policy on Ethics and Conflicts of Interest for the Board

The Ethics and Audit Committee was formed at the 5th GCF Board meeting in Paris as a standing Board Committee primarily to oversee the development and implementation of a draft Board policy on transparency, ethics and conflicts of interest; the Fund's comprehensive information disclosure policy; and to provide recommendations for the establishment of the GCF Independent Integrity Unit and its Independent Redress Mechanism. The Committee of six comprises Board members and alternates from Egypt, Spain, the United States, Saudi Arabia, and Korea and is chaired by Poland.

In early 2015, the Ethics and Audit Committee held eight virtual and in person meetings to discuss a policy on ethics and conflicts of interest for the Board. The policy applies to Board members, alternate Board members and their advisers. The committee recommended that two separate additional policies on ethics and conflicts of interest will be developed later, one for the Executive Director and other GCF officials appointed by the Board such as the heads of accountability units, as well as one policy for external members of panels and working groups established by the Board. There are also some efforts to include the active observers into the latter group, although from civil society side the right for the self-determination of an own conflicts of interest policy in relation to interactions with the Board and the Fund is stressed.

Reporting back on efforts of the Committee, the Saudi-Arabia Board member on behalf of the Committee reported that within the Committee there were some reservations of one committee member on some of the provisions of the draft policy. While the Egyptian member of the Committee was not able to attend all meetings of the Committee for health reasons, he communicated his objections in writing to his colleagues and asked for them to be shared with the wider Board. Thus, when the policy came up in Songdo for Board discussion, the African regional group of the Board requested a review of the reservations by the Committee's Egyptian member by the Board Co-Chairs, before the Board was ready to make any decisions on the draft policy. The South African Board member speaking on behalf of the African group in the Board questioned also whether the document that was presented to the Board (with some square brackets noting the points of contention) could be considered a consensus document as such a compromise was obtained only by a quorum of the committee and not the full committee.

In presenting the draft policy to the Board[33], the Secretariat's Legal Counsel pointed out that the draft policy was "99 percent agreed." It defines what is considered a conflict of interest (such as using the information obtained as a Board member to create an unfair advantage for a family member or an affiliated organization), suggests how conflicts of interest should be dealt with (through a review by the Ethics and Audit Committee), and how to deal with conflicts of interest arising from future employment with the Fund of former Board members or their advisors as well as the disclosure of Fund confidential information specifically. The contested passages centered around the question how the obligations of the Board member to the GCF can be aligned with any domestic legal requirement the Board member might face as a representative of his/her country's government – that is if domestic obligations supersede Fund obligations -- and thus whether there are any restriction to the confidential information from GCF Board proceedings the Board member can or cannot disclose to his/her government. While the Egyptian Committee member (who was not present in Songdo) contested the adding of such a domestic contextualization that would allow Board members to have their duties as government officials to their home countries supersede those to the Fund, the American Committee member pointed out that he needed to be able to share Fund information for example as part of an congressional inquiry without being in conflict of interest. The latter view was supported by the British Board member who wanted to ensure that domestic requirements take precent over the GCF, for example with respect to national freedom of information requests. In contrast, the Board members from South Africa and Cuba worried that domestic policies could impinge on projects of the Fund, with Board members using the excuse of competing domestic policies to block projects. The Board members from Germany and Switzerland suggested a process point not included in the draft policy, which would obligate Board members and advisors to flag right at the beginning of the Board meeting when adopting the agenda of the meeting for which agenda items they would have to recuse themselves because of a potential conflict of interest.

With respect to the coverage of policies on ethics and conflict of interest in the Fund, the Board member from Bangladesh felt that including the Board member advisors might not be necessary while the Board members from India, Cuba and the United States supported the development of a similar policy on conflict of interests for the ED and the officers of the Secretariat. This latter point was also raised by the Southern active civil society observer, who also demanded more elaboration in the policy on how Board members with a conflict of interest determination will be held to account.

For the Secretariat, the Legal Counsel clarified that the officers of the Secretariat are already covered by the human resources guidelines for the Secretariat staff, which have ethics and conflict of interest provisions. Similarly, in his opinion, panel experts which are appointed and endorsed by the Board are covered, as they usually enter into a consultancy contract with the Fund with rules on conflict of interest and transparency and information disclosure, although this does currently not apply to the members of the Private Sector Advisory Group (PSAG), who sign a confidentiality agreement but have otherwise no legal contractual relationship with the Fund. Likewise, advisors to Board member are currently not covered by any other guidelines outside of the rules of procedure as they pertain to Board meetings only, which is why their inclusion in the Board member policy was suggested.

After some further deliberations, the Board accepted a compromise in which the bracketed text was removed by clarifying a narrower context of the application of any domestic legal requirements on the Board member. Paragraph 1 of the accepted policy describing its scope, purpose and applicability states now: "As members of the Board are entrusted with the responsibilities prescribed in, or pursuant to, the Governing Instrument of the Green Climate Fund, their personal and professional conduct, when performing their Board duties in the service of the Fund, must comply with the ethical standards and procedures set out herein in addition to any domestic legal requirements *exclusively as they apply to this policy*" (with the segment in italics added as the compromise language).

Decision B.09/03 adopts the policy on ethics and conflicts of interest for the GCF Board members, the alternate members and their advisors.[34] It also requests the Secretariat to draft a similar policy for the Executive Director, other Board appointed officials, active observers and external members of panels established by the Board. The Ethics and Audit Committee will recommend such a policy for the Board for decision-making at its July meeting.[35]

Consideration of Accreditation Proposals against the Fund's Initial Guiding Accreditation Framework

The Governing Instrument mandates the Board to "develop, manage and oversee an accreditation process for all implementing entities based on specific accreditation criteria that reflect the Fund's fiduciary principles and standards and environmental and social safeguards" (para. 49). The 5th Board meeting in Paris (October 2013) then decided that a guiding framework and procedures for the accreditation process of the Fund should be developed. In Paris, the Board also agreed that a set of best-practice fiduciary principles and standards as well as environmental and social safeguards referenced in separate annexes to Board Document GCF/05/23 should form the basis for developing the Fund's own standards and safeguards.

Accreditation Committee and Accreditation Panel

Since Paris, the work on the GCF accreditation framework has been overseen by a Board team with members from France, Sweden, Barbados and Zambia. It is chaired by the Board member from Sweden with the Board member from Zambia serving as the Vice-Chair. This Board team is also working on modalities to enhancing direct access. At the 6th GCF Board meeting in Bali, the Board confirmed four senior international experts on accreditation[36] to help the standing Board Committee on Accreditation develop the guiding framework for the initial accreditation process of the Fund. With Board decision B.07/02 from June 2014 on such an initial framework, the Board also established a new six-member independent technical advisory Accreditation Panel, reporting to and accountable to the Board. The Accreditation Panel is to review the applications for accreditation by potential implementing entities and intermediaries and recommend their approval (including with conditions) or rejection by the Board.

The Accreditation Committee nominated the four members of the former expert group to serve on the Accreditation Panel, however one member resigned, citing a conflict of interest. Two additional panel members were nominated by the Accreditation Committee.[37] Barbados decision B.08/20 endorsed the nomination of the five experts to the Accreditation Panel for one term and asked the Accreditation Committee to nominate a sixth expert taking into account the need for fiduciary expertise and more balanced geographical representation for endorsement by the Board in between meetings. It also emphasized the importance of balance between developing and developed countries, gender and language diversity for future appointments and asked to strengthen the balance in subsequent terms of the Accreditation Panel by ensuring that no two members will be from the same country and there is a 50:50 participation of experts from developed and developing countries.[38]

Development of the Initial Accreditation Framework

At the 6th Board meeting in Bali, only a progress report was presented to the Board on the way forward on the accreditation framework.[39] In Songdo at its 7th Board meeting, the Board then considered a revised document and new draft decision on a guiding framework for accreditation for the GCF.[40] Decision B.07/02 approved an initial guiding accreditation framework for the Fund to be reviewed within three years and applying to both public and private sector entities. It included a **detailed set of fiduciary standards** that applicant entities for accreditation have to meet listing **basic fiduciary standards** (such as financial management and accounting, auditing and procurement, the existence of a code of ethics, an investigation function or disclosure of conflicts of interests) as well as **specialized fiduciary standards** which require additional capabilities to run grant award and/or funding allocation mechanisms and the capability for on-lending and blending. Project management capability is considered a specialized fiduciary standard, thus requiring a higher accreditation burden, which all implementing entities will need to transfer even grant financing to executing entities for project implementation.

Songdo decision B.07/02 also adopted the **set of eight environmental and social performance standards** elaborated by some detailed guidance notes, which the IFC, the private sector arm of the World Bank is using[41], as **initial environmental and social safeguards (ESS) for the GCF** until the Fund's own ESS are fully developed. Within three years after the Fund becomes operational, the process of developing the Fund's own environmental and social safeguards is to be completed, building on evolving best practices and with inclusive multi-stakeholder participation. Of the eight IFC Performance Standards (PS), PS 1 – which covers assessment and management of environmental and social risks and impacts, and includes stipulations on social and environmental impact and risk assessments and effective community engagement and information disclosure – is to apply to all GCF projects, including individual projects or activities within a GCF program. The other seven performance standards will be used on a modular basis as applicable to specific projects and program. They address labor and working conditions (PS2); resource efficiency and pollution prevention (PS3); community health, safety and security (PS4); land acquisition and involuntary resettlement (PS5); biodiversity conservation and sustainable development of living natural resources (PS6); Indigenous Peoples (PS7); and cultural heritage (PS8).

Figure 1: Overview of GCF Fiduciary Standards and Environmental and Social Safeguards

Source:GCF Secretariat, "Accreditation to the Green Climate Fund," November 2014; available at: http://www.gcfund.org/fileadmin/00_customer/documents/Accreditation/GCF_Accreditation_Introduction_November_2014_final.pdf.

The initial guiding framework for the Fund's accreditation process adopted in decision B.07/02 laid out a **scaled risk-based approach** for the application of the Fund's interim environmental and social safeguards (ESS) at the program/project-level on the basis of their risk for imposing potential environmental and social harm, as for example currently most multilateral development banks (MDBs) do. Funding proposals will be classified by the implementing entity or intermediary (which could results in efforts to down-grade risks) as either Category A, B or C, with Category A describing activities with potential significant adverse environmental and/or social risk that could be irreversible, while Category C would represent activities with minimal or no adverse social and/or environmental risks and impacts. The scaled risk-based approach will also look at the level of financial intermediation and identify three levels of risks from high (I1 = the intermediary's existing or proposed portfolio includes, or is expected to include, substantial financial exposure to Category A-type activities) to low (I3 = the intermediary's portfolio includes financial exposure to activities that predominantly have minimal or negligible adverse environmental and/or social impacts).

Table 3: Overview of GCF ESS and Intermediation Risk Categories.

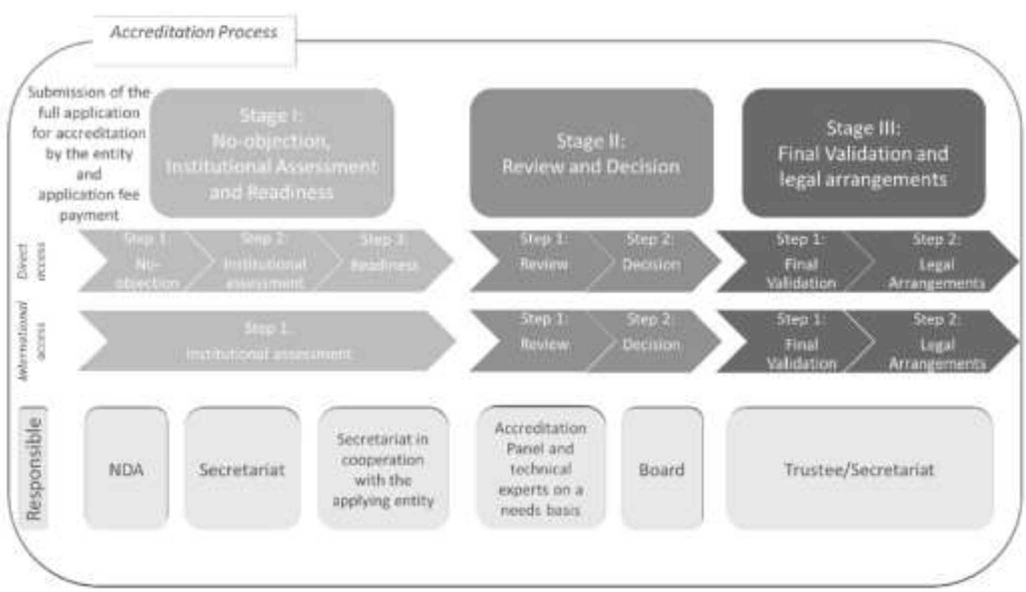
Risk level	Funding proposals	Intermediation*
High	**Category A** Activities with potential significant adverse environmental and/r social risks and/or impacts that are diverse, irreversible, or unprecedented	**Intermediation 1 (I1)** When an intermediary's existing or proposed portfolio includes, or is expected to include, substantial financial exposure to activities with potential significant adverse environmental and/or social risks and/or impacts that are diverse, irreversible, or unprecedented
Medium	**Category B** Activities with potential mild adverse environmental and/or social risks and/or impacts that are few in number, generally site-specific, largely reversible, and readily addressed through mitigation measures	**Intermediation 2 (I2)** When an intermediary's existing or proposed portfolio includes, or is expected to include, substantial financial exposure to activities with potential limited adverse environmental or social risks and/or impacts that are few in number, generally-site specific, largely reversible, and readily addressed through mitigation measures; or includes a very limited number of activities with potential significant adverse environmental and/or social risks and/or impacts that are diverse, irreversible, or unprecedented.
Low/No	**Category C** Activities with minimal or no adverse environmental and/or social risks and/or impacts	**Intermediation 3 (I3)** When an intermediary's existing or proposed portfolio includes financial exposure to activities that predominantly have minimal or negligible adverse environmental and/or social impacts.

* Activities involving investments through financial intermediation functions or through delivery mechanisms involving financial intermediation.

Source:GCF Secretariat, "Accreditation to the Green Climate Fund," November 2014; available at: http://www.gcfund.org/fileadmin/00_customer/documents/Accreditation/GCF_Accreditation_Introduction_November_2014_final.pdf

Songdo decision B.07/02 approved a **three-stage accreditation process** for the Fund with applications accepted and reviewed on a rolling basis. Accreditation once granted will be reviewed after five years, with the Board to develop a policy covering suspension and cancelation of accreditation as part of a monitoring and accountability framework for accredited entities. A progress report on such a framework will be discussed at the 10th GCF Board meeting in July.

Figure 2: Three-Stage Accreditation Process of the Fund



Source:GCF Secretariat, "Accreditation to the Green Climate Fund," November 2014; available at: http://www.gcfund.org/fileadmin/00_customer/documents/Accreditation/GCF_Accreditation_Introduction_November_2014_final.pdf

Stage I of the accreditation process deals with the submission of a full application either under the direct access or international access track and applies to national, sub-national and regional entities seeking to work with the Fund. In the direct access track, two mandatory steps will apply with the recipient country's NDA or focal point signaling a no-objection to the application as well as an institutional assessment and completeness check for the application looking at the legal status, track record, readiness or relevant partner networks of the applicant entity. Another step, in which the applicant entity can ask for an individualized readiness and preparatory support activity plan by the Fund Secretariat to help with compliance with GCF accreditation requirements, is optional. International entities (such as MDBs, UN agencies or regional institutions) applying through the international access track will only complete the institutional assessment and completeness check.

Stage II of the accreditation process then consists of the application review where the applicant entity's capacity to manage environmental and social risks in accordance with the Fund's ESS will be assessed. The Accreditation Panel will examine the robustness of the applicant's own environmental and social management system (ESMS), including the existence of policies and procedures, its organization and staffing or its environmental and social measurement and management tools and then recommend either approval or rejection to the Board, with the Board deciding to proceed, reject or to recommend readiness support for the entity. It is in this context that a tiered or "fit-or-purpose" accreditation approach will apply. Stage III then includes the final validation and formal arrangement with the applicant entity and the Fund.

Operationalization of the Fit-for-Purpose Accreditation Approach

At its 8th meeting in Barbados, the Board reviewed a paper by the Secretariat, which set out the **guidelines for the operationalization of the fit-for-purpose approach**, with the intent to match the nature, scale and risk of proposed activities to the application of fiduciary standards and ESS.[42] The rationale for this approach is that a uniform or one-size-fits all accreditation requirement would impose unnecessary burden on many applicant entities, particularly also from SIDS and LDCs and would not be necessary for the implementation of low-risk, smaller size interventions, which very often especially national and sub-national entities are interested in carrying out.

The paper thus proposed to assess conformity of an entity applying for Fund application with the GCF interim fiduciary standards and ESS according to several criteria, namely

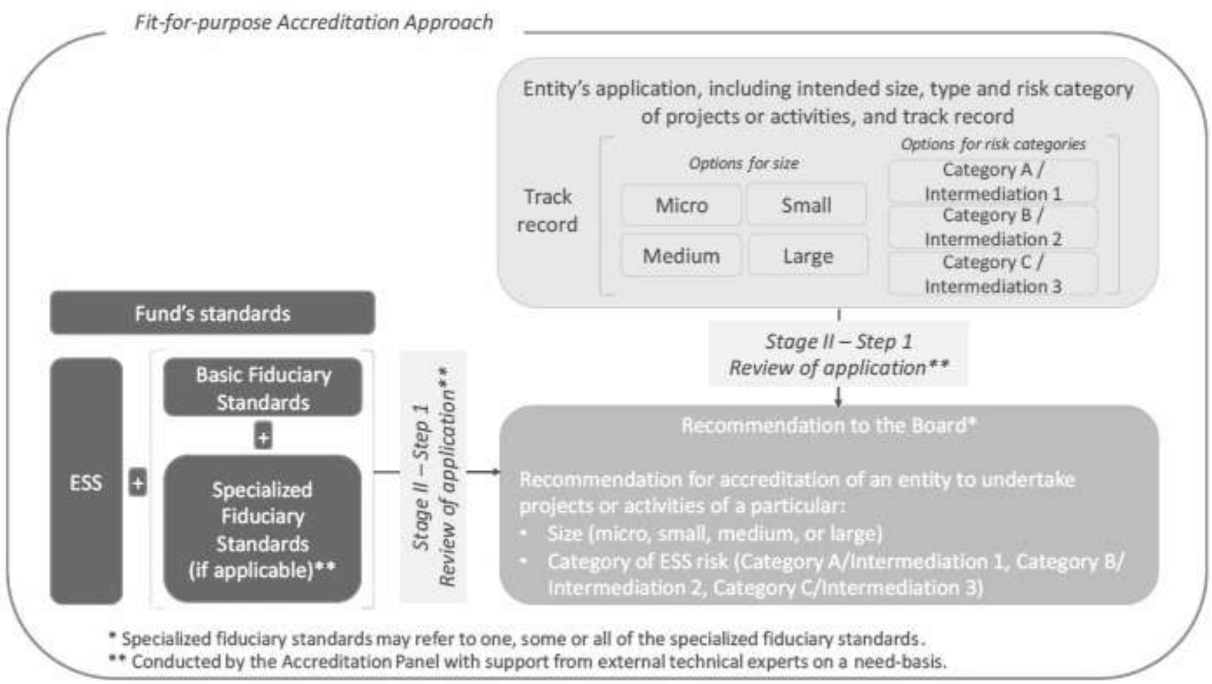
1) **the nature of the fiduciary risk** – in managing a project, is the entity implementing, or intermediating financial resources (through either grant award and/or funding allocation or on-lending and/or blending);
2) **the scale of the intended activity** – the approach suggest that an entity can only access funding at a scale that is within its capacity to manage ranging from micro (maximum Fund contribution up to US$ 1 million for an individual project or activity) to small (between US$1 and US$10 million); medium (between US$10 million to US$ 50 million) and large (above US$ 50 million); and
3) **three defined categories of environmental and social risk and correlated intermediation** approved in Decision B.07/02 (with Category A being the highest risk and Category C being the lowest to no risk and I-1 the intermediation with the highest risk and I-3 the one with the lowest to no risks). The paper provided also illustrative examples of activities fitting under each risk categorization, suggesting for example that large-scale land reclamation might be considered Category A while it judged the implementation of policies or regulations or capacity building or monitoring programs to have minimal or no adverse environmental and social impacts (an assessment that can be questioned with respect to policies and regulations).

In seeking accreditation, an applicant entity will have to indicate the type of activities it envisions implementing for the Fund (its scale, highest risk level and level of financial intermediation). The accreditation process, taking the entity's track record into account, will then assign a risk categorization to the entity. If the applicant entity has only a limited track record of project/program implementation – as many national and sub-national entities interested in being accredited with the Fund might have – more frequent reporting, smaller tranches of funding disbursement or a conditional accreditation for the first two years could apply. Once accredited, the entity can then only apply for approval of projects/programs at or below that risk category, but can seek an adjustment via an accreditation upgrade or downgrade over time. Accreditation will then be reviewed every five years.

In Barbados, the Secretariat's proposed draft guidelines were significantly reworked. The new guidelines introduced a chapeau clarifying that all entities are encouraged to seek accreditation with the Fund; it also strengthened language on the monitoring and accountability framework by suggesting that it should include policies on suspension and cancellation of accreditation and allow for the downgrading of accreditation as part of the normal five year review cycle. It also changed the scale categorization of projects to include the total project costs, not just the GCF-financed part and added the compliance with the Fund's gender policy as an additional requirement for all applicant entities as well as clarified that the track report to be examined would be focused on climate-related activities.

Barbados decision B.08/02 stressed the importance of building the capacities of developing country entities as part of the accreditation process and approved the revised guidelines for the fit-for-purpose approach. The adopted guidelines re-categorized the scale of intended activities to refer to the total projected costs at the time of application. They set the **micro category up to US$ 10 million, the small category between US$ 10 million to US$ 50 million, the medium category between US$ 50 million and US$ 250 million, and the large category over US$ 250 million** for an individual project or an activity within a program with a time-line of six months for the completion of the accreditation process after submission of the required documentation.

Figure 3: Fit-for-Purpose Accreditation Approach



Source: GCF/B.08/45, "Decisions of the Board –Eighth Meeting of the Board, 14-17 October 2014", Annex I, Figure 1, p.25.

Decision B.08/02 asked the Secretariat to open a call for submission of applications for accreditation to the GCF within four weeks after the Barbados Board meeting by mid-November 2014, with the Secretariat seting up an online accreditation portal on its website.[43] The decision also requested the Secretariat to develop policies on suspension and cancellation of accreditation to complete the operational accreditation guidelines approved in Songdo in decision B.07/02 and the Fund's other accountability mechanisms for Board consideration at its 9th meeting.

Songdo decision B.07/02 on the initial accreditation framework requested the Secretariat to prepare the relevant documents and information requirements applicant entities would have to submit for accreditation to the GCF. A document for Board consideration in Barbados[44] elaborated that entities could only submit one application at a time and had to submit the application in English with all required supporting documentation either included in English or accompanied by an English translation. Barbados decision B.08/06 adopted the list of application documents necessary for submissions of applications for

for GCF accreditation. It also tasked the Secretariat to work on ways to allow for application documents to be submitted in other UN languages than English, the sole language accepted initially, "with due consideration of its implications in terms of cost and complexity." Table 4 below provides an overview over the competencies and specific capabilities applicant entities need to demonstrate in their application documents with respect to fiduciary principles, ESS and gender.

Table 4: Demonstrated Competencies & Specific Capabilities Needed for GCF Accreditation

Section	Competency	Areas in which capabilities are required
Basic fiduciary criteria	Key administrative and financial capacities	• General management and administration • Financial management and accounting • Internal and external auditing • Control frameworks • Procurement
	Transparency and accountability	• Disclosure of conflicts of interest • Code of ethics • Prevention of or handling of financial mismanagement and other forms of malpractice • Investigations • Anti-money laundering and anti-terrorist financing
Specialized fiduciary criteria	Project Management	• Project preparation and appraisal (from concept stage to the full funding proposal) • Project oversight and control • Monitoring and evaluation • Project-at-risk systems and associated project risk management
	Grant award and/or funding allocation mechanism	• Grant award procedures • Transparent allocation of financial resources • Public access to information on beneficiaries and results • Good standing with regard to multilateral funding (e.g. through recogn ized public expenditure reviews)
	On-lending and/or blending	• Appropriate registration and/or licensing by a financial oversight body or regulator in the country and/or internationally, as applicable; • Track record, institutional experience and existing arrangements and capacities for on-lending and blending with resources from other international and multilateral sources; • Creditworthiness • Due diligence policies, processes and procedures • Financial resource management, including analysis of the lending portfolio of the intermediary • Public access to information on beneficiaries and results • Investment management, policies and systems, including in relation to portfolio management • Capacity to channel funds transparently and effectively, and to transfer the Fund's funding advantages to final beneficiaries • Governance and organizational arrangements, including relationships between the treasury function and the operational side (front desk)
Initial environmental and social safeguards	Assessment and management of environmental and social risks and impacts	Develop an environmental and social management system (ESMS) to consistently implement Performance Standards 1-8; the ESMS includes the following elements: • Policy; • Process to identify risk and impacts consistent with Performance Standards 1-8; • Management program that manages mitigation measures and actions stemming from the risks and impacts. It should include an identification process consistent with Performance Standards 1-8; • Monitoring and review program to ensure completion of mitigation actions; this should facilitate learning and include reporting on the effectiveness of the ESMS; • External communication channel that facilitates receipt of and response to external inquiries.
Gender policy	Gender	Demonstrate: (a) Competencies, policies and procedures to implement the GCF Gender Policy; and (b) Experience in gender and climate change, including a track record on lending to both women and men

Source: GCF/B.08/45, "Decisions of the Board – Eighth Meeting of the Board, 14-17 October 2014", Annex VII, tables 1-4, pp.68-70.

Fast Start Accreditation Procedures

With Songdo decision B.07/02, the Secretariat guided by the Accreditation Committee was tasked to provide an assessment and gap analysis of institutions accredited by other relevant funds by comparing those other funds' accreditation requirements and procedures against the GCF fiduciary standards (both basic and specialized) and institutional capacities to manage environmental and social risks and impacts in comparison with the Fund's own ESS. In Paris, decision B.05/08 on access modalities and accreditation had acknowledged the fiduciary standards and ESS of several entities as relevant for the Fund's deliberations on developing its own accreditation procedures. They then included the Global Environment Facility (GEF), the Adaptation Fund (AF) and the Directorate-General Development and Cooperation – EuropeAid for the European Commission (EU DEVCO) in addition to the World Bank/IFC.

The gap analysis for Board consideration at the Barbados meeting focused on the GEF, the AF and EU DEVCO solely. The Secretariat's assessment and analysis for all three institutions in a paper presented to the Board[45] came to the conclusion that these organizations' own accreditation processes and requirements were largely compatible with and comparable to those of the GCF, finding no fundamental misfit. However, the gap analysis also revealed for each of the three institutions certain limited shortcomings in ESS and fiduciary standards, which differed between the three institutions. A fast-tracked accreditation for entities accredited to those three institutions with would thus focus in the review stage of the application only on the identified gaps and whether and how they have been addressed during the review stage of the application process.

Barbados decision B.08/03 took note of the gap analysis provided by the Secretariat. It clarified the purpose of the fast-track accreditation by reiterating that it is to expedite the accreditation of all entities (sub-national, national, regional and international) already accredited by other relevant funds and with fiduciary standards and ESS "comparable" to the GCF's. It also outlined the tasks that the Accreditation Panel, supported by the Secretariat has to undertake as part of the fast-track accreditation process, namely to identify "the extent to which [standards and safeguards of other relevant funds or institutions] are comparable to those of the Fund and where gaps may exist." The decision then listed the specific gaps in fiduciary standards and ESS identified for the GEF, the AF and EU DEVCO respectively (replicated in table 5 below). The decision underscored that any entity accredited to either institution and applying for accreditation to the GCF needed to address the remaining gaps. It will then be assigned a risk category for funding proposals for project and activities "commensurate with its track record" by the Accreditation Panel. The decision stipulated that the ability and willingness of an applicant international entity to strengthen capacities of or support potential sub-national, national and regional implementing entities and intermediaries to meet their own accreditation requirements as a way of enhancing country ownership should be an important consideration for the international entity's fast-track accreditation. Lastly, decision B.08/03 requested the Secretariat in consultation with the Accreditation Panel to identify other entities already using fiduciary standards and ESS comparable with those of the Fund and propose them to the Fund for eligibility under the fast-track accreditation process. The last stipulation could be applied to private sector entities or NGOs.

With Songdo decision B.07/02, which adopted the initial guiding framework for the Fund's accreditation process, the Board requested the Secretariat working with the Accreditation Panel and involving the Private Sector Advisory Group (PSAG) and relevant stakeholders to identify potential relevant private sector best-practice fiduciary standards and ESS and assess them for potential gaps against the Fund's own standards and safeguards. This gap analysis was to prepare recommendations for a list of institutions either from the private sector or working with private sector entities to be considered for fast-track accreditation. In Barbados, the Secretariat submitted such an assessment and analysis for Board consideration.[46] which suggested in an annex a list of public development finance institutions (DFIs) including MDBs, but also national and sub-national development banks belonging to the 21-member International Development Finance Club (IDFC). It also assessed the due diligence interaction of the IFC with financial intermediaries to be "comparable to elements of the Fund's fiduciary standards." For ESS, the Secretariat's paper identified two sets of principles/standards as being widely acknowledged as private sector best practice, namely the IFC (whose environmental and social performance standards the Fund has adopted as its interim ESS), and the voluntary standards of the Equator Principles[47], to which 79 financial institutions (2/3 of which come from developed countries) subscribe. The Secretariat analysis suggested that there were no gaps in comparing the Equator Principles Financial Institutions (EPFI) with the Fund's interim ESS.

Table 5: Fast-Track Accreditation Process for GEF-, AF- and EU DEVCO-accredited Entities

		GEF-accredited entities	Adaptation Fund-accredited entities	EU DEVCO-accredited entities
Eligible if:	Accreditation date	Up to October 17, 2014	Up to October 17, 2014	Up to October 17, 2014
	In full compliance with	GEF's Minimum Fiduciary Standards and Minimum Standard on ESS	AF's fiduciary standards	EU DEVCO fiduciary standards under the 6-pillar assessment
Gaps to be addressed by entity:	Fiduciary gap(s)	Anti-money laundering and anti-terrorist financing (basic fiduciary standard for the purpose of transparency and accountability)	1. Have a publicly available terms of reference that outline the purpose, authority and accountability for the investigation function (basic fiduciary standard for the purpose of transparency and accountability and scope of investigation) 2. Ensure functional independent by having the investigations function headed by an officer who reports to a level of the organization that allows the investigation function to fulfill its responsibilities objectively (basic fiduciary standard for the purpose of transparency and accountability and scope of investigation) 3. Public guidelines for processing cases, including standardized procedures for handling complaints received by the function and managing cases before, during and after the investigation process (basic fiduciary standard for the purpose of transparency and accountability and scope of investigation)	Anti-money laundering and anti-terrorist financing (basic fiduciary standard for the purpose of transparency and accountability)
	ESS gap(s)	Have the capacity to assess and manage relevant elements Performance Standards 1-4 and 6 environmental risks and impacts in line with the Fund's ESS through an ESMS	Have the capacity to assess and manage relevant Performance Standards 1-8 environmental risks and impacts in line with the Fund's ESS through an ESMS	Have the capacity to assess and manage relevant Performance Standards 1-8 environmental risks and impacts in line with the Fund's ESS through an ESMS
Fast-track accredit. against:	Basic fiduciary criteria and ESS	Yes	Yes	Yes
Fast-track accredit. against specialized fiduciary criteria	for project management	Yes	Yes	No
	for grant award and/or funding allocation mechanism	No	No	Yes
	for on-lending and/or blending	No	No	No

Source: GCF/B.08/45, "Decisions of the Board – Eighth Meeting of the Board, 14-17 October 2014",pp. 5-7.

A draft decision recommended looking at MDBs, the 21 member entities of the International Development Finance Club (IDFC), financial intermediaries that have entered into a financial agreement with the MDBs and all 79 Equator Principles financial institutions [48] as potential candidates for accreditation for fast-tracking by approving a respective list of these institutions. This approach however did not find consensus in Barbados. Instead, Barbados decision B.08/05 only underscored that the Fund's fiduciary standards and ESS will apply equally to public and private sector applicant entities and invited "institutions with a track record of engaging with the private sector" particularly in areas of relevance for the implementation of the Fund's objectives to apply for GCF accreditation. The Secretariat was requested to provide recommendations on their potential accreditation or fast-tracking at the 9th Board meeting in March, where it was however not on the agenda. A draft paper for consideration on this issue at the 10th GCF Board meeting is available.[49]

Consideration of Accreditation Proposals at the 9th Board Meeting

Presenting the activities of the Accreditation Committee since the Barbados meeting to his Board colleagues in Songdo, its Swedish Chair highlighted the work on legal arrangements for accredited entities, the enhanced direct access proposal and the nomination of the sixth member of the Accreditation

Panel, confirmed as a decision in-between meetings. As the mandate of the Accreditation Committee with the consideration of the first accreditation proposals was coming to an end, he asked his Board colleagues for an extension of the committee's mandate so that they can continue to follow the GCF work on accreditation and enhanced direct access.

In Songdo, Board members were asked to consider the first set of seven entities for accreditation, which advanced through the first two stages of the accreditation process and were vetted by the Accreditation Panel to be sufficiently compliant with all accreditation requirements to recommend their approval for accreditation by the Board. As a Secretariat paper for Board review outlined[50], they were the first of a batch of 41 applications for accreditation as of late March 2015 submitted through a Online Accreditation System (OAS), which the Secretatriat had launched in mid-November 2014. As of late June, this number according to the Executive Director has grown to close to 100.[51] The Secretariat within four weeks after the Barbados Board meeting reached out to entities eligible for fast-track authorization (because of their prior accreditation with the Adaptation Fund, the GEF and EU DEVCO) as well as invited institutions with a track record of engaging with the private sector (with a focus on the 23 members of the IDFC and 79 Ecuador Principles financial institutions) to apply for accreditation with the Fund. Of the 41 applications received by March, 9 were for national public entities, 5 for regional public entities, 8 for private sector entities and 19 for international public or non-profit organizations (for example large international NGOs).

Entities interested in applying for accreditation with the GCF need to obtain an OAS account, through which they submit information on the policies and procedures of the organization that meet the Fund's requirements regarding financial, environmental and social and gender-sensitive management (see table 4 above) and document their track record on implementing these requirements. If an entity is applying for accreditation under the direct access track (for subnational, national and regional applicants), then part of the application documentation must be proof of the nomination by a nation NDA or focal point. For the international access tracks for international entities no such endorsement is required. The OAS works via a checklist approach, asking the applicant entity to address some 180 questions in Stage I in line with the list of application documents required in Barbados decision B.08/06 and asking questions regarding to the legal status; the registration, permits and licences from national and/or international oversight bodies; the track record; its institutional presence and relevant networks; and its readiness to meet the Fund's fiduciary standard, environmental and social safeguards and its gender policy. If the answers are found to be insufficient or incomplete, the applicant is notified and can in working with the Secretariat address the shortcomings. After completion of Stage I, the accreditation review by the Accreditation Panel (and outside experts as needed) starts (Stage II) to ascertain whether the applicant entity meets the Fund's requirements. The OAS offers likewise a standardized checklist of a further 260 questions for this stage to assist the Accreditation Panel. As of March 2015, however, these checklist with their together around 440 questions were not publicly disclosed, which made it impossible for outside observers to check the catalogue of questionsfor relevance or for significant omissions.

In accordance with the Fund's currently applying Interim Disclosure Policy (which was adopted at the 5th Board meeting in Paris with decision B.05/15 and for which a mandated update is overdue but scheduled within this year)[52], the name of applicant entities are not to be released until their accreditation has been confirmed by the Board as elaborated in para. 26 of that policy. This current GCF practice is however not in line with existing best practice standards in climate finance, for example at the Adaptation Fund, which publishes the name of the applicant entities after they are recommended for Board approval by their accreditation panel, but before the Board's decision on the applications. In Songdo, in order to avoid forcing the Board into a closed session, Board members were therefore reminded not to disclose any applicant entities' name. Songdo Board document GCF/B.09/04 on the accreditation proposals, which was made public on the GCF website, listed applicants only by number; a Board document disclosing the names of the applicants was circulated in limited distribution only to Board members and alternates. The document did however include a summary report of the accreditation assessment of each applicant. It detailed the findings of the panel's assessment against the Fund's requirements on whether on fiduciary standards, environmental and social safeguards, and the gender policy are fulfilled.

Describing the work and experience of the Accreditation Panel in working through a first set of accreditation applications, the panel's head confirmed that the process the candidate entities had to go through reflected "robust due diligence". The panel worked based on information provided by applicants, check-lists and individual sessions with the applicants, taken into consideration some third party (largely donor organization's assessment) as corroboration of the applicant's self-assessment. He stressed that the seven entities proposed for confirmation represented a balanced set of applicants (with two national, two regional and three multinational entities, including one private sector applicant), with all seven "substantially complying" with the different standards for which they had applied under the Fund's fit-for-purpose accreditation approach, even though in several cases some minor gaps toward full compliance were identified. These were not judged to be material however and should be remedied and addressed before these entities bring project or program proposals to the Board. He highlighted several challenges the Accreditation Panel, facing a steep learning curve, has already identified. These included that some applicants seemed to be less ambitious in their application under the fit-for-purpose as they could (meaning, they could have gone for a larger or riskier project category); an acknowledgement that standards and safeguards can be met in different ways and are far from a checkbox exercise; the Accreditation Panel and the readiness efforts can and must help with the capacity-building of applicants; that access to confidential information might require on-site checks as many applicants are reluctant to submit confidential documents with proprietary information; and lastly that applicants applying under fast-track are much easier to assess. This seemed to be confirmed by the fact that of the seven applicants considered in Songdo, five applied for accreditation under the Adaptation Fund fast track provision, one under EU DEVCO fast track provision and only one via regular accreditation track.

In reacting to the presentation by the Accreditation Panel and to the first batch of accreditation proposals for confirmation, many Board members (including from the United States, Saudi Arabia, France, Switzerland and Barbados) praised the work of the panel for a "record time job under extreme conditions," with the Board members from Switzerland, France, Barbados and the United States underlining that the diversity of the proposals showed that the fit-for-accreditation approach worked. In contrast several developing country Board members, including from India, South Africa, China, the DRC and Cuba felt that looking at this first group of applicant as well as at the composition of the additional 34 entities waiting in the application pipeline fairness and balance, including geographical balance and ensuring that national entities were equitably considered was not necessarily observed. They listed a set of principles they felt the review of accreditation applicants needed to address, among them a balanced representation of subnational/national – regional – international entities, avoiding a possible bias toward international applicants; a guarantee that there was no "first-past-the-post" approach but a level playing field for all; and a consideration of the obligation of international applicants to support capacity-building for the prospective future NIEs in considering their own GCF accreditation application. The South African Board member specifically wondered why one of the applicants, a national development bank from a developed country, was allowed to apply under the international track for GCF accreditation. He questioned whether this was adequate considering that for example the South African development bank, likewise with global operations, would be expected to apply under the direct access track, thereby requiring not only the approval of its country's NDA, but for project proposals also the support of the NDA/focal point in every single country in which it would then like to operate. In his view, allowing a national bilateral development bank to act as an international organizations constitutes uncompetitive behavior. Drawing on this example, the Chinese Board member urged to then allow also for the accreditation of national commercial banks in emerging economies as regional or international entities given for example the role of Chinese commercial banks in investments overseas. This issue was a point of contention throughout the further discussion of the decision confirming the seven accreditation applicants.

As part of the discussion on creating a level-playing-field for all applicants, and questioning whether this was currently sufficiently the case, the Board member of the DRC asked for the facilitation of applications in other languages than English, a request supported by the French Board member pointing out the challenges for francophone Africa in particular and the Swiss Board member in highlighting also the need of Spanish-speaking applicants. Noting its current deficits, the Board member from Cuba stressed the need to further improve the transparency and accountability of the accreditation process, deploring the secrecy of keeping applicants' identity hidden to the public until after the Board confirmation and missing consultations with stakeholders, including for providing an outside check on the applicant entity's self-assessment of its track record. The Indian Board member agreed, demanding an opportunity for public commentary on applicants, especially from project-affected communities. While the American and Swiss Board members wanted to see more information in the panel assessments on the fiduciary standards for procurement and more information regarding the staff size, budget and cost-efficiency of project costs as well as the entity's past investment in climate-related projects specifically, the American Board member also expressed understanding that the need to protect proprietary information for some applicants might mean that information is not shared beyond the Secretariat so as not to create barriers to apply.

The Board member from the UK appreciated the focus in the assessment reports of the seven applicants on the individual applicant's ability to implement the Fund's gender policy and international on applicants' ability to provide capacity building for the accreditation of national entities for consideration and proposed to approve them not individually but as a package as a sign of Board endorsement of the accreditation process. This suggestion was rejected by the Saudi Arabian Board member, who warned that this might set precedence and that fairness might demand to handle future groups of applicants, which could be significantly larger, also as a package accreditation deal in terms of Board approval.

For the active observers, the Northern active private sector observer supported the confirmation of the accreditation proposals as packets and pointed out that the diversity of the package under consideration was supporting both risk diversification as well as a variety of funding channels and sources and that the accreditation process did not need any changes. In stark contrast, the Northern active civil society observer highlighted the lack of transparency of the current process with needed timely disclosure of the applicants' identity to allow a broader set of stakeholders beyond donor agencies to be consulted on the entities track record in implementing projects and programs on the ground. He called this a crucial complement to the self-assessment of the applicant. He also asked for more information on the status of pending applications, the publication of the assessment methodologies and a confirmation that as part of the accreditation verification stakeholder have been consulted.

The discussion was then suspended to allow for some changes to the draft decision to reflect Board members' comments and guidance. Significant text was added to the passage centering on the confirmation of the accreditation of the seven entities, to which the originally proposed decision text was confined. Board members and the Secretariat in a lengthy back and forth specifically wrangled with the right language, on which the Board member of India speaking on behalf of the developing country constituency insisted, on how to ensure a diverse and balanced set of accredited entities across geographical and regional areas and between direct access entities, private entities and international entities and guarantee the fast-tracking of national and regional entities. Developed country Board members from the United States, Switzerland, the Netherlands and France saw this as efforts to micromanage the Secretariat's handling of the accreditation process and efforts to predetermine the outcome and were reluctant to go beyond any language providing an aspirational goal or some guidance at best.

The issue of the insufficient transparency of the process was raised again by the Northern civil society active observer, finding some new support by the Swiss Board member who suggested a hearing of stakeholders on applicant entities' track record could be applied to future badges of applicants. This however, as the Executive Director clarified, would need a corresponding revision of para. 26 in the Interim Disclosure Policy in the Board reconsideration of the policy which is currently scheduled for the 11th Board meeting, and therefore too late to apply to the confirmation of accreditation proposals at the next two GCB Board meetings. More than 100 international civil society groups and networks in an open letter to the Executive Director, the Board's Ethics and Audit Committee, the Secretariat and other Board members asked at the end of June to address these shortcomings of the Interim Information Disclosure Policy as a matter of urgency (see Annex III for the text of the letter).

The American Board member lastly requested as there are no negative consequences from publishing the set of questions utilized under the Fund's online accreditation system to publish the assessment methodology.

Decision B.09/07[53] accredits the first seven national, regional and international organizations as implementing entities and intermediaries of the GCF (see for details, see table 6 below). To address the concerns raised by the South African Board member related to the accreditation of the German development Bank KfW (*Kreditanstalt für Wiederaufbau)* under international access, the decision requests the Accreditation Committee to develop a policy on how national and regional entities accredited under the direct access modality can operate outside of the country/ies that nominated them for accreditation by the 10th Board meeting. The Secretariat is asked to pay special attention to the priority needs of developing countries by emphasizing readiness support to national and regional entities that request it, including for those eligible for fast-tracking. The Board requests the Secretariat to actively seek out and invite national and regional entities operating at scale to apply for GCF accreditation in coordination with their NDA or focal point as a way to promote direct access and country ownership. In the accreditation process, the Secretariat is to "aim to achieve a balance of diversity, including equitable representation of different geographical/regional areas," in the list of entities considered for accreditation at the 10th meeting of the Board between direct access, private and international entities. The Secretariat in consultation with the Accreditation Committee is asked to provide recommendations for the fast-tracking of national and regional entities drawing on third party due diligence, for example in the form of credit ratings or membership in regulatory oversight bodies. Lastly, to improve the transparence of the accreditation process, the methodology and the questions for the assessment of accreditation applications are to be publicly disclosed on the GCF website. Checklist for stage I and stage II of the accreditation process are now available on the GCF website.[54]

Table 6: Entities accredited at the 9th GCF Board Meeting

Name	Access Modality	Track	Project/ Activity Size	Fiduciary Functions	Risk Cat.	Description
Centre de Suivi Ecologique – CSE	Direct access, national	Fast-track under Adaptation Fund	Micro (≤ US$10 mio total per individual activity)	Basic and specialized for project management	Minimal to no risk (Cat. C/ I-3)	Small agency in Senegal; first national institution accredited as NIE through the Adaptation Fund www.cse.sn/
Peruvian Trust Fund for National Parks and Protected Areas - PROFONANPE	Direct access, national	Fast-track under Adaptation Fund	Micro (≤ US$10 mio total per individual activity)	Basic and specialized for project management	Minimal to no risk (Cat. C/ I-3)	Non-profit environmental trust in Peru supporting conversation; raised US$140 mio over 20 years for biodiversity conservation for protected areas in Peru www.profonanpe.org.pe/index.php/en/
Secretariat of the Pacific Regional Environment Programme - SPREP	Direct access, regional	Fast-track under Adaptation Fund	Small (> US$10 and ≤ US$30 mio total per individual activity)	Basic and specialized for project management	Minimal to no risk (Cat. C/ I-3)	Samoa-based intergovernmental organization promoting cooperation on environmental and sustainable development issues in the South Pacific region with tens of thousands of small islands. www.sprep.org/
Acumen	Direct access, regional	Normal	Micro (≤ US$10 mio total per individual activity	Basic and specialized for project management & on-lending and/or blending	Minimal to no risk (Cat. C/ I-3)	Private venture capital fund investing in developing country businesses and entrepreneurs by providing debt or equity for local enterprises supplying low-income customers with access to water, renewable energy or agricultural inputs www.acumen.org
Asian Development Bank – ADB	Intl. access	Fast-track under Adaptation Fund	Large (>US$ 250 mio total per individual activity)	Basic and specialized for project management; grant award and/or funding allocation & on-lending and/or blending	High risk (Cat. A/ I-1)	Multilateral regional development bank headquartered in the Philippines applying a diversity of financial instruments with broad reach across Asia. www.adb.org
German Development Bank KfW - *Kreditanstalt für Wiederaufbau*	Intl. access	Fast-track under EU DEVCO	Large (>US$ 250 mio total per individual activity)	Basic and specialized for project management; grant award and/or funding allocation & on-lending and/or blending	High risk (Cat. A/ I-1)	Large developed country bilateral development bank providing grants and loans for projects in countries around the world. www.kfw-entwicklungsbank.de/
United Nations Development Programme - UNDP	Intl. access	Fast-track under Adaptation Fund	Medium (> US$50 and ≤ US$ 250 mio total per individual activity)	Basic and specialized for project management	Medium risk (Cat. B /I-2)	International development agency under the UN system working in more than 170 countries on advancing sustainable development www.undp.org

Source: Decision B.09/07, in: Document GCF/B.09/23, "Decisions of the Board – Ninth Meeting of the Board, 24-26 March 2015, p.7 and Annexes IV to X, pp.31-76; available at: http://www.gcfund.org/fileadmin/00_customer/documents/MOB201503-9th/23_-_Decisions_of_the_Board_-__Ninth_Meeting_of_the_Board__24_-_26_March_2015_20150416_fin.pdf.

Legal and Formal Arrangements with Accredited Entities

The Fund is a legal entity with the capacity to enter into legal agreements, including with implementing entities and intermediaries. The Executive Director is authorized through confirmation by the Board to enter into such legal agreements on behalf of the Fund. During phase II of the accreditation process as part of the due diligence process, the capacity of the entity applying for accreditation to the Fund to enter into a legal agreement with the Fund must be established. As the accredited entity will act as an agent of the Fund in dealing with executing entities (EEs), legal due diligence with respect to the EE must be part of the project approval process for each specific project or program activity.

A document for Board consideration in Barbados[55] proposed that the Fund standardize legal documents with general conditions applicable to all GCF grants and loans and suggested the development of legal templates to reflect the type of projects for which an entity is accredited under the fit-for-purpose accreditation. The Secretariat suggested that the Fund enter into a **framework agreement** with each accredited entity, detailing the general terms and conditions of the services the accredited entity would render for the Fund. In addition, after the Board's approval of a specific project or program activity, the Fund would then enter into a **project agreement** with the accredited entity, which sets out specific project provisions, including fee or payment schedules or measurable results.

In the Board discussion in Barbados, Board members had many questions and comments, including regarding the necessity for the Fund to enter into both a framework agreement and individual project agreements with each accredited entity. Several Board members indicated that they were not ready to wrap up a decision in Barbados and asked for further clarification on what the framework agreement should entail, with some members proposing that it include stronger references to anti-corruption measures and addressing fiduciary non-compliance. For the Secretariat, both the Legal Counsel and the Executive Director reiterated that the Fund would be only able to enter into specific project agreements after a framework agreement with the accredited entity established a legal relationship of that entity with the Fund. The agenda item was closed in Barbados without decision and Board members were asked to submit their guidance to the Secretariat in written form.

For the 9th Board meeting, the Secretariat submitted then a substantially revised document for Board consideration and decision.[56] The three-stage accreditation process for applicant entities includes in the third and last stage the conclusion of legal arrangements between the accredited entity and the GCF. Because a fit-for-purpose accreditation approach will accredit a wide range of entities with differing scope and activities and capacities, the development of a "one size fits all" legal arrangement is impossible. Rather the Fund aims to standardize the legal documents, which are to be developed in consultation with the accredited entities to include some general conditions applicable to all grants and loans via a number of standardized templates to be developed in the future. The Secretariat proposes the Fund enters into an **accreditation master agreement** (AMA) which each accredited entity to set out the general terms and conditions of the services to be rendered by the entity for the Fund. For a specific project or program activity, once approved by the Board, the Fund and the accredited entity will then enter into a concise and specific **project confirmation** to be attached to the AMA. As the Board is still continuing to develop policies (but the first AMAs will have to be entered into quickly, following the Board's approval of seven accreditation candidates in Songdo), the framework agreement must be written in a way that allows to include new obligations. Signed AMAs are a prerequisite before funding proposal can be considered.

The document then provided a long list of proposed issues to be addressed under the master agreement, with a non-exclusive list including *inter alia* procedures for project pipeline preparation; stakeholder input; adherence for guidelines from the Fund (including fiduciary principles and environmental and social safeguards as well as gender issues reflected in Board decisions); disbursement of funds and fees; conflict of interest; ability by the Secretariat, the Independent Integrity Unit and the Independent Evaluation Unit to have spot checks and periodic reviews; issues related to confidentiality and the (interim) disclosure policy; dispute resolution and events of default.

Presenting the draft document to the Board in Songdo, the Secretariat's Legal Counsel also highlighted the link of the legal arrangements with accredited entities with the ongoing efforts of the Fund to enter into bilateral agreements with privileges and immunities with the countries, in which the Fund is to operate. An "restriction to implement only in countries that have entered into a bilateral agreement with the Fund on privileges and immunities and related matters" was included in the draft document as a possible provision for the AMA. Following a mandate of Barbados decision B.08/24, a template for the bilateral agreement on privileges and immunities for Board consideration was on the Songdo agenda, but then was not taken up due to time constraints. The COP20 in Lima had also provided guidance to the Board to continue further deliberations on privileges and immunities

In the Board discussion in Songdo on the legal and formal arrangements with the accredited entities, a number of developing countries reacted quite strongly to the suggestion that the signing of a bilateral agreement on privileges and immunities between a recipient country and the GCF was a prerequisite for accredited entities to access GCF funding. The Board members from China, Saudi Arabia and India suggested to drop the passage in the Annex listing the contents of an AMA. The Board members from Bangladesh and Cuba also proposed to delink the accreditation process from the discourse on privileges and communities. The South African Board member, pointing to practices with loan and grant agreements at some MDBs, found the reference to privileges and immunities "out of proportion" and not needed for agreements on loans and grants and reminded his colleagues that the issue in the Transitional Committee designing the Fund had been about the Fund's legal personality and status as an independent international institution foremost, not about its ability to confer privileges and immunities. The Board member from China concurred stating the problem was self-created, because the Board did not want the GCF to be a UN specialized agency like the GEF (which would have allowed for one multilateral blanket agreement) and instead created a hybrid model with some UN and some ADB elements (which necessitated that the GCF enter into a series of bilateral agreements with every country in which it seeks to operate).

In contrast, the Board members from France, Germany and Switzerland thought that the bilateral agreements were needed first to protect the Fund's staff and resources before funding agreements could be concluded with accredited entities, indicating that removing the offensive passage from the requirements for the accreditation master agreement was not the solution. Their view was supported by the GCF Legal Counsel who pointed out that privileges and immunities had to apply before GCF funding could be disbursed and if the Fund itself did not have these, then it would have to secure them via accredited funding entities, "the usual suspects" (such as multilateral development banks or UN agencies) who had. Both he and the German Board member highlighted that this could create problems for the broad, including direct access through national and regional implementing entities and thus "unlevel the playing field". He did however not address the issue if a reference to privileges and immunities in the legal arrangements decision and its annex was necessary in order to move forward with AMAs or whether the issue could be addressed separately.

Other issues brought up during the discussion were the recommendation by the Norwegian and UK Board members to include in the AMA a provision detailing a procedure in cases funds are used inappropriately as well as a suggestion by the French Board member to not just threaten with the "atomic bomb" of revoking the accreditation of an accredited entity in cases of misuse, but instead allow for the suspension and the involvement of the Board to address the matter. Pointing out the need for transparency and disclosure, the US Board member proposed to include in the decision a reference to the fact that all legal arrangements should be publicly posted on the GCF website. For the active observers, the Northern active civil society observer warned against giving the Executive Director complete discretion in working out the AMAs with the accredited entities, pointing out that there are mandatory requirements for the GCF which needed to be addressed in the AMA. He concurred with the proposal to drop a reference to a concluded bilateral agreement on privileges and immunities from the AMA, "as the negotiation of such a bilateral agreement can in some cases take years."

The discussion was then suspended to allow for a new decision text to be drafted. The new version deleted the reference to the bilateral agreement on privileges and immunities, and introduced instead a passage including provisions in the AMA on the "applicability of policies decided by the Board relevant to the operation of the Fund, including the role of the accredited entities, reporting and evaluation." That revised text also clarified that the content of the AMA "may include, but should not be limited to…" a number of provisions. Some new ones added included the right of the Fund to "revise, suspend or revoke accreditation… on the basic of the outcome of the periodic or ad hoc review"; "the right to instruct the Accredited Entity to seek restitution of misused funds;"and "AMA and each project confirmation to be made publicly available". Commenting on the revised decision and annex, the Board members from China and the United States suggested that AMAs and project information made publicly available should allow the accredited entity to omit any information deemed sensitive, saying that such a provision was in line with the World Bank disclosure policy. The Board member from the DRC wondered about the duration of the accreditation and the issue of a mandatory review to avoid a potential fixed term of the accreditation provision (although under the accreditation framework, the re-accreditation of accredited entities after 5 years is already suggested).

Board decision B.09/08 endorses that the Fund enters into agreements or other arrangements with accredited entities taking into account the considerations detailed in a separate annex which described the structure and the form of the agreement and the contents of the AMA as well as of the project confirmation.[57] The Executive Director is authorized, "to the extent necessary" to negotiate, agree on the terms and conditions of and enter into such agreements with accredited entities "reflecting the scope of the accreditation." The Secretariat is asked to update the Board regulate on the progress of the implementation of this decision. The Secretariat is also mandated to address the issue of the term of accreditation decisions in its proposal for the monitoring and accountability framework for accredited entities[58], which will be up for Board discussion and review at its 10th meeting.

Additional Modalities that Further Enhance Direct Access, Including through Funding Entities

The Governing Instrument in para.42 stipulates that the Board "will consider additional modalities that further enhance direct access, including through funding entities with a view to enhancing country ownership of projects and programmes" as part of the Fund's mandate to provide direct access to countries through accredited implementing entities. At its 3rd Board meeting in Berlin, the Board had decided that the Fund will operate initially through "accredited national, regional and international intermediaries and implementing entities" using grants and concessional lending only. At its 4th Board meeting in Songdo, the Board decided to start determining the access modalities, including accreditation procedures, for these implementing entities and intermediaries and recommended that additional modalities that further enhance direct access should be discussed at its first meeting in 2014. At its 5th Board meeting in Paris, the Board then put the Accreditation Committee and its four members from France, Sweden, Barbados and Zambia in charge of overseeing the accreditation framework for the Fund and the work on further enhancing direct access.

In the past, Board members had disagreed about how much devolution of funding decision-making to the national level was implied by the wording in the Governing Instrument. Many developing country Board members interpreted the language as a clear endorsement of entrusting both the decision-making and management functions for large amounts of GCF resources to national implementing bodies, such as national climate change trust funds (of which dozens already exist in developing countries), while many developed country Board members were reluctant to agree to such a far-reaching interpretation.

At the 6th Board meeting in Bali, the Board discussed a paper prepared by the Secretariat[59], but did not adopt any decision. The Bali paper focused on "proposed operational understandings" (i.e. definitions) of what implementing entities and intermediaries mean and what functions they are expected to perform and presented essentially a hierarchy of entities accredited to the Fund with implementing entities (IEs) forming the broad base and intermediaries, either public or private, as the next step up. As a sub-category of intermediaries, the paper proposed public funding entities which could use national financial systems and budgets for the implementation of a policy intervention program, with GCF funding being essentially provided in the form of budget support. As the Board in Bali was unable to agree on the draft decision and the proposed operational understanding for intermediaries and implementing entities, a decision was deferred for further work to be undertaken jointly by the Accreditation Committee and the Secretariat.

A new paper and draft decision presented to the Board at is 8th Board meeting in Barbados[60] focused on devolved decision-making in GCF programs as a potential approach to further enhance direct access in line with the Governing Instrument's support for programmatic funding approaches in addition to project-based finance (para.36). In that context, enhancing direct access would mean the delegation of authority for approving individual activities within a program to accredited sub-national, national or regional implementing entities and intermediaries, which would then act as funding entities themselves (thus requiring the fulfillment of specialized fiduciary standards for intermediation such as on-granting or lending). The paper presented some illustrative existing examples for such an approach, including quantity performance (QP) instruments, where ex-post "on delivery" funding decisions are transacted based on a predetermined volume and price (for example as used in REDD+ fund schemes) and an ongoing Adaptation Fund project where a direct access grant is used by a national implementing entity to set up a domestic small grants facility, with the development of decision criteria for and the decision-making of individual small grants devolved to the accredited NIE. The draft decision proposed to launch a pilot phase on modalities that further enhance direct access focused on incentivizing program-based funding proposals from accredited entities with grant-awarding capabilities and to develop the terms of reference for the prompt operationalization of such a pilot phase.

In Barbados, there was wide Board support to go forward with a pilot phase on modalities to enhance direct access. The Board approved decision B.08/09, which requested the Secretariat – under the guidance of the Accreditation Committee and in consultation with "relevant stakeholders" – to prepare terms of reference for the operationalization of a pilot phase on enhancing direct access, which specified the objective, type of activities supported and type of entities involved, specialized fiduciary standards required, as well as the timeline and financial volume of the pilot phase.[61] The terms of reference were to be approved at the 9th GCF Board meeting in March at which time the pilot phase was to be launched.

For the 9th Board meeting, a Board document and draft decision[62] outlined the objective of the pilot phase to devolve decision-making to sub-national and national public and regional entities selected by the National Delegated Authority (NDA) or focal point for accreditation on the basis of submitted pilot proposals. The NDA/focal point is to select the appropriate entity for the implementation of such a pilot proposal based on a competitive selection. The selected entity will have to comply with Fund specialized fiduciary standards on grant award and funding allocation and on on-lending/blending, depending on the proposed activities. The paper proposed that a significant share of small-scale activities be included in such EDA pilot proposals which should directly support communities or SMEs. For EDA pilots, countries are encouraged to establish governance standards for devolved decision-making with multi-stakeholder participation. A pilot proposal would be implemented over 2 years following Board approval, drawing on existing country systems and institutions, which can be strengthened with accompanying readiness support focused on accountability, transparency and multi-stakeholder engagement. The Secretariat proposed a financial volume of US$100 million for the pilot phase to be allocated to five pilot proposals, of which at least two should be implemented in SIDS, LDCs and African states.

Commenting on the proposed EDA pilot, members across the Board welcomed the approach, with the Board member from India praising it as a show case for the power of country ownership and the Board members from Germany and France stressing that EDA has to become the signature modality of the Fund. Most developing country Board members speaking up, however, felt that the pilot program's volume with US$100 million was not ambitious enough and its size with suggested 5 pilot proposals too small. The Board members from Bangladesh and Saudi-Arabia suggested to increase the size of the pilot program significantly to US$500 million over 5 years with at least 15 or more proposals, in order to allow for a fairer regional distribution and to see the pros and cons of different approaches, warning "if you start small you are perceived as small". Board members from Cuba and the DRC also felt that an average of US$20 million per EDA proposal was not enough. From developed country side, the Board members from the UK and Spain saw the US$100 million volume of the pilot program as a good starting point, worrying about absorptive capacity and demand and suggesting volume could be added to the program at a later Board meeting. Several Board members, including from India, Saudi Arabia, the United States and Spain stressed that the duration of the pilot with suggested two years was too short to expect results and draw conclusions about further upscaling. The American, German and the French Board members emphasized that the learning component of the pilot approach needed to be strengthened with the American colleague suggesting that the EDA pilot could be a good first project for the GCF Independent Evaluation Unit to assess. He also wanted to ensure that at least one of the proposals should be on SME private sector engagement through enhanced direct access. Board members from the DRC, Germany and French asked for more clarity on how the EDA track differentiated from a direct access through an intermediary, including on its merits and benefits vis-à-vis general direct access. Both Germany and France suggested to involve the independent Technical Advisory Panel (ITAP) in the pilot, while the member from Bangladesh asked for a leadership role of the Accreditation Committee. The German Board member also demanded that the EDA pilot program was implemented in a gender-sensitive way and to include that requirement in a call for proposals. Both the Spanish and the US Board member asked for more information on the competitive process for selecting the entities participating in the pilot program mentioned in the Secretariats proposed EDA draft terms of reference. Some Board members were also unclear about whether submission of an EDA project proposal by an entity selected by the NDA or focal point meant a fast-track accreditation for these entities, with the Indian and Bangladeshi Board members proposing such a speeded up process, ensuring that LDCs, SIDS and African states didn't fall behind, while the US Board member felt that asking for proposal first and accrediting the entity then could put undue pressure on the Accreditation Panel to speed up the process.

For civil society, the Northern active observer expressed the support of his constituency for this approach but stressed that gender sensitivity and broader equity considerations should be considered for the approval as the EDA at its core was about locally devolved decision-making with a stronger involvement of multiple stakeholders and sub-national level oversight through a coordination role of NDAs and focal points. He supported calls for spelling out the learning objective of the pilot approach more clearly as well as how the Fund could scale up the program, calling the financial cap proposed arbitrary, and urged that at least one of the accepted pilot proposals should support a small grant facility. He recommended to call for countries to express interest in participating in such a pilot, so that improved terms of reference could take actual demand into account. For the private sector, the Southern active observer found the proposal too conservative and the time-frame of two years too short. She recommended that rather than pushing for a lengthier time-frame, the approach should just be mainstreamed right now as another track, as it was also impossible to define the size of an envelope needed for EDA approaches right now.

Responding for the Secretariat to some questions and comments from the Board, the Director on Country Programming stressed that the EDA approach was clearly different from a direct access track as it involved a national oversight body with an increased multi-stakeholder process and the NDA in the driving seat for preparing proposals from the country. He confirmed that the ITAP would be included in the assessment of EDA proposals, also to ensure that the process for determining the selected pilots would not be first-come first-served. In answer to the comments by several Board members, including from the US, Spain and Germany, on ensuring accountability and oversight of the pilot program, he stressed that the program would rely on existing frameworks of the Fund, including through a link with the monitoring and accountability framework.

The Peruvian Co-Chair then send the document back to the Accreditation Committee to work on incorporating Board guidance with the support of the Secretariat into the EDA pilot program terms of reference and to come back later for Board decision. However, with the Board running out of discussion time late on the third day, Board members then prioritized finalizing a decision on the further development of the investment framework over taking up a revised EDA decision text. A reworked EDA pilot program proposal[63] will now hopefully be decided at the Board's 10th meeting in July in Songdo.

Financial Terms and Conditions of the Fund's Instruments

The Fund's financial instruments are an important part of the GCF's business model and in the view of many developed country Board members key to fulfill the mandate of the GCF to promote the paradigm shift and go beyond business-as-usual approaches. The Governing Instrument stipulates the provision of "financing in form of grants and concessional lending, and through other modalities, instruments or facilities as may be approved by the Board" (para.54). This gives the Board flexibility in determining both the terms and conditions of financial instruments as well as flexibility to consider instruments beyond grants and concessional loans. Article 11 of the UNFCCC text elaborates that the financial mechanism of the convention must provide financial resources "on a grant or concessional basis." As an operating entity of the UNFCCC financial mechanism, the GCF functions under the guidance of and is accountable to the COP.

At the Board meeting in Berlin in March 2013 in decision B.1-13/06 on the Business Model Framework (BMF) the Board decided that the GCF would work through accredited intermediaries and implementing entities and that it focus initially on grants and concessional lending, but could "employ other financial instruments as necessary to effectively achieve the objectives of the Fund." At its fourth meeting in Songdo in June 2013, the Board then was presented with and discussed a whole range of instruments as options for the GCF,[64] but in decision B.04/07 advanced only work on the terms and conditions of grants and concessional loans.

In Paris, at its fifth meeting, the Board considered the terms and criteria of grants and concessional lending the Fund would deploy initially and agreed to a set of nine guiding principles for public and private sector finance operations to be used in the initial operationalization of the Fund. These principles included, the tailoring of grant elements to what was necessary to make a project viable; considering recipient countries' level of indebtedness and debt sustainability; and the calculation of the right level of concessionality to ensure financial additionality and to avoid crowding out of private financing.[65]

At its 6th Board meeting in Bali in February 2014, the Board was asked to approve specific financial terms and conditions for grants and concessional loans which the GCF is to use initially, including via its Private Sector Facility (without the determination when this initial phase will end). The Bali paper for Board consideration and decision[66] proposed that grants could be made in either international currencies or the local currency, with no maturity, interest rate or service fee applicable, at least not initially. For concessional loans two types (deeply concessional and moderately concessional) were proposed, which could be made in international currencies or a local currency. For both, a service fee of 0.75% would be charged "to cover the Fund's mobilization costs" (which would be significantly higher than the Clean Technology Fund's current service charge of 0.25%). In the discussion in Bali, developing country Board members urged for the bulk of Fund resources to be channeled via grants, including for all public expenditure on adaptation, and rejected for the highly concessional loans any terms worse than those currently offered for CTF loans. In contrast, developed country board members thought the Secretariat's paper was not going far enough in detailing how GCF money could be blended with non-concessional loans. In its Bali decision (B.06/12), the Board requested the Secretariat to submit a revised version of the paper at the 7th Board meeting in Songdo, where it was however not formally on the agenda because of the meeting's focus on completing the essential requirements for the initial resource mobilization process and also to allow for a further determination of the policies for contribution to the Fund (financial inputs) which determine the bounds of the terms and conditions of financial outputs. The issue did come up in the context of the Board's Songdo decision on the Initial Financial Risk Management Framework for the Fund (decision B.07/05), with an annex on financial arrangements for grants and concessional loans, stipulating that the subsidy element of these instruments "will be the minimum amount necessary to make the project or programme viable and help achieve the Fund's paradigm shift objective".[67]

For the 8th Board meeting in Barbados in October, a revised Secretariat paper on financial terms and conditions of grants and conditional loans was submitted.[68] It introduced the notion of a repayment contingency of grants to the private sector (by applying a GCF grant through an accredited intermediary to guarantee- or equity-like instruments) and proposed two types of concessional loans (highly concessional and moderately concessional) with interest rates based on the Fund's cost-of-borrowing (terms of the Fund's incoming loan-type contributions plus a margin) and on average less concessional outgoing than the concessionality level of the incoming contributions to the Fund. The proposed terms would also include a 0.5 percent service fee on the grant amount upfront per grant and on disbursed amounts annually for both types of concessional loans.

In reactions to the paper, several Board members felt the issue was not ripe for decision, even after a few iterations of the paper over several Board meetings, questioning for example why not more variations on concessional loan types were proposed, as well as the use of service fees for grants, particularly for the most vulnerable countries. Some Board members expressed concerns about rates and conditions being at least equal to, but not worse than what is provided by IDA and did not agree with the reinterpretation of grant-provision as "contingent grant." With no decision taking on the terms and conditions of grants and loans at the 8th meeting, the issue was to be taken up again for decision at the 9th Board meeting.

In Barbados, the Board did discuss the use of other financial instruments besides grants and concessional loans. Many Board members, predominantly from developed countries, had in past meetings stressed that the operationalization of the GCF's Private Sector Facility (PSF) and efforts to mobilize funding at scale necessitated a full range of financial tools beyond grants and concessional loans as a way to maximize leverage of private sector finance. One of the decisions taken on the essential requirements for initial resource mobilization at the 7th Board meeting in Songdo, namely the one on initial modalities for the operation of windows at the Fund's PSF (decision B.07/08), requested the Secretariat to advance work on the use of other financial instruments, including guarantees and equity investments, for consideration at the 8th Board meeting. A key set of recommendation by the GCF Private Sector Advisory Group (PSAG) annexed to a work report of the group and taken note of by the Board at its 7th Board meeting,[69] also included the expansion of financial instruments, suggesting that it should to focus especially on equity and de-risking instruments, including guarantees.

Barbados decision B.08/12 mandated that accredited entities as part of their application documentation indicate the "range of financial instruments that they have the capacity and expertise to deploy". Accredited implementing entities and intermediaries can disburse GCF funding in approved projects and programs by using grants, concessional loans, equity and guarantees. The Risk Management Committee was tasked to assess and monitor risks related to the implementation of Fund projects and programs through accredited intermediaries and implementing entities using these additional financial instruments and ito oversee a review of the lessons learned from their deployment. The Secretariat is asked to carry out such a review within three years of October 2014 decision.[70]

For consideration by the Board at the 9th Board meeting, the document and draft decision on financial terms and conditions of grants and non-grant instruments highlighted the intention of the Fund to seek "the right level of concessionality" by structuring terms on a case-by-case basis, which would also take into account the levels of indebtedness of the recipient as well as the long-term financial sustainability of the Fund. The paper[71] proposed that grant-provision by the Fund could be in major convertible currencies "with or without repayment contingency", the latter applying principally to "smart grants" to the private sector and with terms and condititions to be determined case-by-case. For public sector concessional loan recipients, the paper proposed two loan types, less concessional (maturity of 20 years with 5 years grace period and an interest rate of 0.75%) and deeply concessional (maturity of 40 years with 10 years grace period and an interest rate of 0.25%) with the latter going to vulnerable countries. For both types an annual service fee of 0.50% on disbursed balance and a commitment fee set at up to 0.75% of the undisbursed balance would apply. Whether a country is considered to be a vulnerable country would be determined by one of several categorization types, either following the UNFCCC (which lists LDCs and SIDS), the OECD (which lists LDCs and other low-income and lower middle-income countries and territories), the World Bank Group (only listing low-income countries) and IDA countries. For the private sector, terms of non-grant instruments (concessional loans, equity and guarantees provided through an intermediary) would be structured case-by-case, be no more concessional then terms offered to the public sector, and tailored to cover incremental costs or a risk premium required to make a private sector investment viable. Higher impact potential of the investment will increase the level of concessionality, credit risk will decrease it. The maximum maturity of private sector loans is to be 20 years with a maximum grace period of five years; the same service and commitment fees as for public sector loans apply also to the private sector.

The Board's Risk Management Committee also reviewed the document and draft decision. Speaking for the committee, its Indonesian chair recommended to the Board that instead of relying on one of several categories to classify which country qualifies as a vulnerable country and is eligible for deeply concessional loans terms an explicit list of eligible vulnerable countries is created, looking at LDCs and SIDS and considering additional IDA countries. He also stressed that the concessionality of a loan should be subject to review during the financial evaluation of a project proposal before the Board's funding decision.

In their comments on the proposed terms and conditions for grants and non-grant instruments on the second day of the Board meeting, all Board members recognized that a decision on this issue in Songdo was a "must have" and that without it the probability of any project proposal reaching the decision point at the 11th Board meeting was significantly reduced. Comments and questions by Board members centered on two main points of contention, namely the issue of differentiation of countries with respect to levels of concessionality for loans and the generosity of the proposed GCF financial terms, particularly when compared with other organizations. For a number of developing country Board members (including from Cuba, Ecuador, Saudi Arabia, China, the DRC, Georgia and the Bahamas) any reference to the World Bank practice or the OECD categories to determine vulnerable countries in the GCF financing context was a non-starter. They rejected any efforts to re-classify countries and looked to the UNFCCC and the Governing Instrument's categorization by pointing out that the particular vulnerability to climate change, not economic capacity, should be the determinant. According to para.52 of the Governing Instrument this would include LDCs, SIDS and African States, but be also not limited to these countries. The Board member of Ecuador in particular stressed that many developing countries had highly vulnerable areas even if the country itself was not considered extremely vulnerable and asked for an approach that captured the particularities of the individual projects, not start from a country base. In contrast many developed countries, including from Sweden, Switzerland, the United States, Australia and Norway thought that an approach looking at IDA countries plus the SIDS might be a better approach, as it linked to income levels and was more dynamic and flexible to reflect changes over time. The Board members from Australia and Germany advocated to start out with SIDS, LDCs and then look also at fragile states or see if other countries might be missed.

Several Board members questioned proposed financial terms. For the Cuban Board member it was a must that the terms and conditions for public sector financing were at least equal to or better than that of other financial institutions such as IDA or the CTF. The French Board member suggested to lower the rates for the fees for countries receiving highly concessional loans. He also urged that in deciding the terms to apply to a project or program it was necessary to look at the entire financial package of a proposal in the case of blended finance. Both he and the American Board member wanted to ensure that the Paris principle of GCF financing not crowding out the private sector was incorporated sufficiently in the terms and conditions. Agreeing with his Swiss colleague, the American Board member also asked for more clarity on the terms for equity investments and guarantees as well as results-based finance approaches, not just for the private sector but also for public use (in the case of government guarantees or sovereign risk insurance). The Italian and Swiss Board members asked how the level of indebtedness of recipient countries was included in the analysis determining the financial needs of a specific project or program. Both the Swiss and the Bangladeshi Board members also pointed out that higher concessionality might be needed for private sector entities working in and with the LDCs. While Board members agreed with the principle of non-grant instruments to the private sector being less concessional than public sector concessional loans, some Board members were unclear about the specifics of the proposed formula to determine the right level of concessionality. The colleagues from Sweden and the United States where not clear about the utility of an "impact premium", while the German colleague missed more clarity on what a proposed pricing methodology for private sector operations would entail. The Board member from India wondered about the price discovery for profit generation by the private sector with public sector inputs of "smart grants."

For the active observers, the Southern civil society representative welcomed the differentiation of recipient countries, but worried that there was yet too little safeguarding against GCF loans contributing to the sovereign indebtedness of vulnerable countries, which under the current proposal of lending in major currencies would also shoulder any risk of currency fluctuations (which local currency lending would address). She reiterated the call of civil society to guarantee that full cost grant finance, not just incremental financing will be a major financial tool of GCF funding. She also highlighted that the proposed formula determining private-sector lending including credit risk would disadvantage domestic micro-, small- and medium enterprises (MSMEs) and called for GCF guidance to ensure that accredited intermediaries are passing on the concessionality received to end-users, especially for MSMEs. For the private sector, its Northern active observer supported the differentiation of countries as well as a case-by-case approach to private sector lending as the barriers to financing are different. He also urged to price in sovereign risk in the financial terms for lending to the private sector, if the private sector is expected to take that risk.

Responding for the Secretariat, its Chief Financial Officer and the PSF Director emphasized that rather than a formulaic approach a principles-based pricing approach to loan provision would be more useful, especially for the private sector. They also shared that a list of LDCs, SIDS and lower middle income countries (as categorized by the WB) would add up to 81 countries. The Norwegian Co-Chairs then proposed that a smaller group with Board member from the Netherlands, France, the DRC, Ecuador, China and Japan try to come up with improvement to the draft decision that would make adoption in Songdo possible. After complaints from some developing country Board members who felt that the discussion in the small group should be open to others, the small group was convened and given a list of the 81 countries for consideration.

Reporting back from the work of the small group on the third day of the Board meeting, the French alternate Board member presented the progress made, including with a new draft decision text, but indicated that it was not possible to come to an agreement here in Songdo on which countries would be considered eligible for the deeply concessional loans. The revised draft decision proposed to postpone a determination of the country eligibility for highly concessional loans to the 10th Board meeting, allowing the Board to come to a decision here. The small group agreed to increase the level of concessionality in line with the CTF and on the need to have the policy reviewed on a yearly basis. It also reduced the service fee for highly concessional public loans.

In reacting to the new decision text, the Board members from India, Guinea Bissau, Japan and Sweden urged to come to a decision here and felt that this was necessary with a minor cleaning up of the draft. The US Board member asked for more flexibility in applying the commitment fee by referring instead to "up to 0.5 percent for highly concessional and up to 0.75 percent for low concessional loans". The Board member of Guinea Bissau stressed that more flexibility was needed when determining the concessionality of public sector loans. In order to address this request for flexibility, the Executive Director proposed to add language that the Secretariat prepare for the 10th Board meeting a guideline on how the case-by-case provisions in the financial terms and conditions of the Fund's instrument should apply. At the 10th Board meeting, the Board will also consider the cases in which the high level concessional and low level concessional terms for public sector proposals will apply.

Following these recommendations, Songdo decision B.09/04 was adopted. It confirms that the Fund will provide both grants with and without repayment contingency, with the latter limited to the private sector and terms and conditions determined on a case-by-case basis. It adopts the financial terms and conditions of grants and concessional loans as summarized in table 7 below, but indicates that outgoing concessional loans to the public sector will also follow some of the principles for the use of GCF financial instruments determined in Paris decision B.05/07, Annex III. Financial terms and conditions for other non-grant instruments to the public sector are to be established on a case-by-case basis. For the private sector, the financial terms and conditions of all non-grant instruments extended to the private sector will be determined on a case-by-case study. In addition to the Paris principle under decision B.05/07 also the investment guidelines as decided in B.07/06, Annex XIV are to be taken into account.

Table 7: Financial terms and conditions of grants and concessional loans

	Currency	Interest rate	Maturity (in years)	Grace Period (in years)	Annual principal repayment years 11/20/6-20 (% of initial principal)	Annual principal repayment years 21-40 (% of initial principal	Service fee (per annum)	Commit-ment fee (p. a.)
Grants	Major convertible currency	Grants without repayment contingency: no reimbursement required (except in cases of prohibited practices such as corruption and fraud) Grants with repayment contingency: terms adapted to the required concessionality of the project or program						
Loans with high concessionality	Major convertible currency	0.00%	40	10	2%	4%	0.25%	Up to 0.50%
Loans with low concessionality	Major convertible currency	0.75%	20	5	6.7%	NA	0.50%	Up to 0.75%

Source: Decision B.09/04, Annex II, in: Songdo Board Document GCF/B.09/23, "Decisions of the Board – Ninth Meeting of the Board, 24-25 March 2015, pp.4 and 23.

Private Sector Facility

The development of a Private Sector Facility (PSF) is mandated by the Governing Instrument (para.41), which also places the activities under the PSF under the mandates and requirements of a country-driven approach (para.42), including, as defined by the COP decision in Durban on the GCF, the application of a no-objection procedure. At the 4th Board meeting in Songdo, the Board decided to construct the PSF as an integral component of the Fund placed under the authority and guidance of the GCF Board and to establish a Private Sector Advisory Group (PSAG) as a joint panel of Board members and external experts on the private sector to make recommendations to the Board on the Fund-wide engagement with the private sector and modalities to that end (Board decision B.04/08). Paris decision B.05/13 established the Private Sector Advisory Group (PSAG), approved the terms of reference for the PSAG, including a set of criteria to determine the total eight private sector and two civil society members of the group, and appointed the Board members from South Africa and Switzerland, and the alternate members from Pakistan and the USA to the group. The Board at its 6th meeting in Bali in February 2014 then confirmed the selection of the eight private sector and two civil society international experts for an initial term of 18 months.[72] The PSAG is to recommend to the Board how the Fund, especially its Private Sector Facility (PSF) should engage the private sector in order to catalyze financial flows to recipient countries, with a specific focus on domestic small and medium sized enterprises (SMEs) and engaging local actors in small island developing states (SIDS) and least developed countries (LDCs).

Paris decision B.05/17 on resource mobilization also determined that initial modalities for the operation of the Fund's mitigation and adaptation windows and the Private Sector Facility were part of the eight essential requirements for the Fund to receive, manage, program and disburse financial resources. At the 6th GCF Board meeting in Bali, the Board in decision B.06/04 acknowledged that the initial modalities were still under discussion, and asked for a revised document to address Board members' concerns about perceived shortcomings and gaps for the 7th Board meeting. In addition, modalities for the PSF were to be developed for Songdo based on the recommendations of the PSAG. The PSAG held a first workshop meeting in April 2014 in Geneva, preparing a document for the Board with key recommendations.[73] It was taken note of by the Board at its 7th meeting in Songdo. Songdo decision B.07/08 on the initial modalities for the Fund's windows and its PSF proposed the consideration of further modalities for the PSF at the 8th GCF Board meeting, including how to mobilize private sector resources at scale, how to promote the participation especially of local and small and medium-sized enterprises (SMEs) and local financial intermediaries in vulnerable countries with an emphasis on adaptation, and what other financial instruments (including risk mitigation instruments such as guarantees as well as equity investments) might be needed to leverage private sector resources in line with the mandate from Paris decision B.04/08. The PSAG at its second meeting in Cape Town in early September 2014 addressed these modalities in its discussions and developed written recommendation on these issues for the consideration of the Board at its 8th meeting in Barbados. The PSAG recommendations also informed the preparation of separate Secretariat papers on these issues, which were discussed at the Barbados meeting.

With the Board in Barbados despite constructive discussion unable to take a decision on neither the mobilizing private sector funding at scale nor the SME approach due to time constraints, decisions were deferred to the 9th Board meeting in March 2015.

Reporting back to the full Board at the 9th meeting in Songdo on the work of the PSAG since Barbados, the South African Board member in his capacity as the co-chair of the PSAG detailed that the group had met several times since the last Board meeting and discussed their work plan for the year aiming to feed specific recommendations into the work of the Board and proposing two PSAG meetings. He aso reminded colleagues that a fourth Board member needed to be appointed to the PSAG because of a vacancy caused with the departure of the former Pakistani Board member. He also re-circulated the PSAG recommendations shared already for the Barbados meeting on funding at scale and the SME approach.

At the 9th GCF Board meeting, the Board discussed both PSF papers together, stressing that both belonged together and where part of the DNA of the PSF as a game changer for the Fund. Following the discussion, the Executive Director underscored the depth, quality and granularity of the Board's guidance on both issues. However, pointing to the need of the Secretariat staff to focus on engaging the growing number of NDAs and the private sector specifically to prepare project proposals for consideration at the 11th Board meeting, she recommended to retable both papers without further work for the 12th GCF Board meeting. This she argued would not only give the Secretariat time to engage with the countries and the private sector in countries the Secretariat was reaching out to, but would also allow the PSAG to further reflect on both PSF components. Board members expressed largely sympathy for such an approach, but wanted assurances that the work on the PSF continued and demanded regular progress reports on the further development of the PSF until Spring of 2016. They were also concerned about the message that the postponement of a decision on both issues could send to the private sector, and urged to ensure that the outreach to private sector actors was not inhibited during that time.

Decision B.09/09 takes only note of both documents at this time, but requests the Secretariat, in order to "accelerate the operationalization of the Private Sector Facility (PSF)" to take Board guidance on both issues into consideration in its day-to-day ongoing work such as outreach, support for the accreditation process and reviews of funding concepts. It asks the Secretariat to ensure a diverse balance in accredited private sector entities, "including subnational, national, regional and international intermediaries that have a significant on-the-ground presence in developing countries." These entities, which have to meet GCF accreditation requirements, must demonstrate "a track record of operating in developing countries". It also requests the Secretariat to produce a regular update report to the Board on PSF activities.

The two separate sections below summarize the background and the discussions on mobilizing private sector financing at scale and an (M)SME Pilot Program respectively.

Working with Local Private Entities, Including Small- and Medium-Sized Enterprises

Board decision B.04/08 re-emphasized the Governing Instrument's mandate of para. 43 that the PSF will promote the participation of private sector actors in developing countries, in particular local actors, including small- and medium-sized enterprises (SMEs) and local financial intermediaries and with a focus on actors in LDCs and SIDS and asked for modalities to be developed for Board consideration. The Songdo decision from June 2013 also demanded that the Fund's PSF pay special attention to Africa and to adaptation activities. At the 7th Board meeting the decision on the initial modalities of the Fund's mitigation and adaptation windows and the PSF (decision B.07/08) tasked the Secretariat to undertake further work on this issue and requested the PSAG to provide advice on how this decision could be best implemented.

The PSAG at its meeting in September 2014 considered the topic and provided written recommendations.[74] These were presented to the Board at the 8th GCF Board meeting in Barbados and fed into the work of the Secretariat in preparing the relevant Board paper. In recommendations to the Board and Secretariat, which were presented by a PSAG representative in Barbados, the advisory group pointed out that SMEs in developing countries account for over 60 percent of GDP and over 70 percent of total employment and are thus the heart of the private sector in developing countries. They advised the Fund to establish a targeted SME investment strategy with a Board decision on an allocation floor for that purpose. They recommended then that the provision of GCF funding for SMEs would focus on grants and highly concessional loans (with a reduction of interest rates and longer tenure). While the PSAG supported the ultimate phasing in of a direct approach that would allow local private sector entities to access GCF funding without intermediaries in order to reduce transaction cost and allow for timely delivery (for example through a Fund-operated small grant & loan facility), it recommended the implementation of an SME investment strategy through accredited national and local intermediaries as a starting point.

In Barbados at the 8th meeting, the Board generally welcomed the Secretariat's proposal[75] to provide concessional resources to micro-, small- and medium-sized enterprises via a **MSME Support Program** as a way to offset their lack of access to financial markets. GCF financing would be channeled through national and local intermediaries to be selected through specific requests for proposals (RFPs). Board members from both developed and developing countries called such a program an exciting approach and a "low-hanging fruit ripe for decision" with just minor adjustments and clarifications needed. They asked ,among other issues for a clear definition on MSMEs and for some more specificity on the terms of reference for the envisaged program. Due to time-constraints, the Board in Barbados was not able to review a revised decision text, and the decision was deferred to the 9th Board meeting.

Presenting the revised Secretariat proposal for working with local private entities including SMEs at the 9th Board meeting in Songdo,[76] the Secretariat's PSF Director outlined some of the key barriers to climate-related investments by SMEs, chief among them weak or shallow domestic financial markets and information gaps and capacity gaps, as well as high transaction costs adjusted for the typical SME project scale when compared to larger private sector actors. The proposed **SME Pilot Program** (the "M" was dropped without explanation since Barbados) would attempt through an intermediary-driven approach focused on aggregating individual small projects to address those barriers through concessional financing, including by providing a grant financing component for SME capacity-building efforts. The Secretariat proposed to focus such interventions on "supply chain financing and terms of trade financing" for SMEs, including for adaptation activities by financing continuity of business plans, to be benefit of SMEs with a "sustained track record of financial and commercial viability and that have weathered economic peaks and troughs." The financing would flows through accredited national intermediaries such as commercial banks or insurance companies and microfinance institutions and as executing entities commercial enterprises and MSMEs in both the formal and informal sector via a program-based approach. The participants in the pilot program would be identified through request for proposals (RFP) from entities with a track record of working with and financing SMEs. A capacity-building component, with 50% of its resources flowing to SIDS, LDCs and African states, of up to 10 % of the overall GCF funding amount will be allocated to selected entities identified through the RFP. The draft terms of reference for the SME Program suggested an envelope of US$100 million for the SME Program with a cap of US$50 million for a single applicant.

In reacting to the proposed draft program, almost all Board members taking the floor, including from the Netherlands, Switzerland, the United States, Cuba, Australia, the DRC, Germany, the UK, India and Barbados, found the proposed funding envelope too limiting and rejecting the suggested cap as too high, with for example the Board member from Barbados worrying that without changes just two large international intermediaries could manage all of the pilot program resources. He and others urged a limit of not more than US$20 million for a single investment under the SME program. The Board member from the DRC worried that with the provision of financing in foreign currencies the concessionality of the proposed funding was undermined and urged more attention on ensuring how GCF concessionality in such a program would be passed through to the SMEs as ultimate beneficiaries. The US and Swiss Board members missed a time-frame for the proposed pilot, while the Australian Board member asked to strengthen the monitoring and evaluation of the pilot by focusing specifically on replicability and scalability of the approach. She and Board colleagues from the UK, India and Italy urged for the SME pilot program to have a strong gender focus, looking for example at jobs for women, capacity-building for women entrepreneurs and the provision of energy efficient and renewable energy access at the household level, including through micro-finance. The Board member from Cuba likewise urged an integration of the micro sector in the program and also reminded colleagues that informal sector activities of MSME should be considered. He requested a clearer definition from the Secretariat about what actors would be included in such a program, while the French Board members suggested increasing the grant element in such a program for capacity-building. Going beyond just a pilot approach, both the Swedish and the British Board member suggested that the PSF needed an MSME strategy or policy. Such a strategy should not be limited to the provision of credit lines, in the view of the German Board member, who cautioned that for support for MSMEs for climate-related activities equity investments were also important. She also opposed a positive list approach as part of the terms of reference for an MSME pilot program, which would propose specific activities to be funded under such a program.

For the active observers, the Southern civil society observer stressed that the MSME program constituted the major vehicle for the PSF operationalization of a gender-sensitive approach; she supported the call by some Board members for a clear definition of MSMEs and a pilot program significantly larger than the US$100 million proposed with a strengthened focus on capacity-building and a clear time-line. The Northern active private sector observer supported the call for a strong gender focus and highlighted the current bias of the program toward SME entrepreneurs with an established track-record, pointing out that domestic SME entrepreneurs are creating and innovating climate solutions and are not just end-users of existing technologies and that a GCF pilot program should be supporting climate-related SME start-ups.

Songdo Board decision B.09/09[77] requests the Private Sector Advisory Group (PSAG) to present to the Board at its 10th meeting additional recommendations regarding the establishment of an SME program. The PSAG held a two-day meeting in April, in which such additional comments were formulated to be presented at the 10th GCF Board meeting in July.[78] It requests the Secretariat to submit for the Board's consideration at its 11th meeting the request for proposals for the SME program.

Potential Approaches to Mobilizing Funding at Scale

At its 4th meeting in Songdo in June 2013 as part of the discourse on the Fund's Business Model Framework (BMF), the Board in decision B.04/08 on the PSF recognized the need to mobilize funds at scale from the private sector, such as institutional investors like pension funds and sovereign wealth funds, and to design modalities for that purpose. One year later at its 7th meeting, the Board in decision B.07/08 committed to further work on defining modalities for mobilizing private sector resources at scale. In the same decision, the Board requested the PSAG to make recommendations on this issue.

For the Barbados 8th Board meeting, the Secretariat's submitted a paper,[79] which focused on ways to enhance the Fund's core resources of public contributions by looking at how to attract financial inputs from institutional investors and the financial markets as contributors. The PSAG recommendations[80] focused on a number of key principles and proposed to evolve the PSF into an increasingly risk-taking entity that matches project pipelines to leveraged finance and uses concessional finance to cover subordinated or first loss debt position and thereby ensures "appropriate return across the total portfolio" in early initiatives. In the medium to long term, the PSAG saw the Fund as developing its own investment grade credit rating, allowing it to raise capital in the form of its own green bonds, and as directly supporting equity and credit private sector funds

Responding to the presentations of the Secretariat and PSAG recommendations in Barbados, Board members reacted with comments and requests for clarifications. While many welcomed the suggestions of the Secretariat paper overall, they criticized that the Secretariat's paper did not yet provide a business plan for the PSF and did not give a clear picture of what the PSF will look like. Others cautioned that the paper should not just applaud the advantages of financial structures and products discussed but also needed to clearly delineate risk and concerns. Due to time limitations, no decision was taken in Barbados. Instead, the Barbados background paper and draft decision was revised based on guidance received by the Board at its 8th meeting and submitted for consideration at the 9th meeting in March.

The updated document[81] presented at the 9th Board meeting in Songdo first identified the most prominent sources of private sector funding with global asset pools lead by commercial banking (US$115 trillion), private wealth (US$ 42.7 trillion), investment funds (US$22.4 trillion), pension funds (US$19.3 trillion), sovereign wealth funds (US$4.2 trillion) and alternative investments such as private equity (US$3.1 trillion), and rated their diverging interests and abilities to invest in climate change projects and programs. For example, commercial banks' investment appetite is usually limited to proven technologies and well-known project types and focused on a shorter time-frame of less than 10 years. In comparison, institutional investors such as pension funds and insurance have a long-term investment horizon of longer than 10 years, but usually require highly rated investment vehicles with AAA rating (which does not allow for much risk-taking).

As the Fund initially will have neither a credit rating nor a track record on investment financing, it has to work through intermediaries in order to structure investments in a way that will attract third party investors through special financial products and structures (such as bonds, commercial papers, syndications and club deals). The paper then explored the option of issuing **bonds** (with the Secretariat paper judging these to be "the single largest avenue through which the GCF can mobilize private sector funds at large scale"). It looked at **commercial paper programs** as a short term alternative for local private sector funds to invest into projects and to attract funding from local banks and high net worth individuals, presenting it as particularly suitable for attracting financing into micro-, small- and medium-sized (MSME) programs. **Syndications and club deals** were considered by the Secretariat's analysis to be good options for smaller scale projects as they are already widely used by banks to disseminate risk even in immature financial markets. The paper looked lastly at **private placement programs** which usually expect high returns and might therefore be more suitable to attract inputs by high net worth individuals into pilot projects.

A final section of the paper then explored how the PSF could deploy the grants and concessional lending it can provide to accredited intermediaries for them to blend and on-lend Fund resources with their own resources as a way to structure effective financial solutions by issuing competitive requests for proposals in which the private sector intermediary best able to attract third party funding at scale would receive PSF concessional funding. It recommended a balanced portfolio of intermediaries, starting with commercial banks (including multinational ones with significant on-the-ground presence in developing countries), private equity and investment firms and capital firms (with both patient and impatient capital provision) in order of importance. Lastly, it looked at crowdfunding (a section added since Barbados) as a way to mobilize individual contributions from small investors in the form of debt, grants and equity investments, seen as one possible example for the Governing Instrument's mandate in para. 38 to promote "innovative and replicable approaches". It suggested that crowdsourced funding could allow for earmarking toward preferred local MSMEs, with the Fund providing an information-based website platform, which the GCF could outsource. In the word's of the PSF Director in presenting the Secretariat's thinking, in taking the PSF to the grassroots through crowdfunding the paradigm shift could be mainstreamed. He also recommended that the PSF be allowed to issue non-binding "letters of intent" to private sector parties as a sign of ongoing good faith negotiations and due diligency, which would for example allow private sector actors working with the Fund to raise additional investment money for prospective GCF co-funded projects or programs.

In responding to the Secretariat's paper and presentation, the Board members from the Netherlands and Norway underscored the importance for the PSF to open for business at the same time as the GCF, with the Dutch Board member suggesting that the governance of the PSF should follow that of long-term financial investment companies. The Norwegian Board member wanted to see the liability of the Fund with regards to PSF projects specifically limited to the financial segment. His Japanese colleague likewise asked for more clarity on how the PSF would manage the risk from private sector investment involvement. On the question of whether the PSF should have a letter-of-intent (LOI) capacity, the Board members from Switzerland, the United States were supportive, with the Board member of the DRC, who allowed that it could be a useful tool, also warning that such a LOI could cause some reputational risk for the Fund and make it difficult to withdraw from a suggested project. On the issue of crowd-funding, the Board members from France, the United States and Sweden saw some merits (the latter two primarily with respect to its potential to communicate knowledge and positive messages about the Fund), while Board members from South Africa, Switzerland, Australia and Germany felt that it was not the role of the GCF, at least not as an early priority, to operate and compete with existing social investors in such a niche market. The Swedish and British Board members demanded some more concrete propoals on how to move the PSF forward, including more information on special purpose vehicles. Pointing out that the hallmark of all PSF efforts to mobilize private sector funding was its financial additionality, namely attracting money that might have otherwise not have come in for climate-related projects and programs, the Indian Board member asked for more focus on this aspect of the mobilizing funding at scale discourse. He also stressed his belief that the opportunities for mobilizing funding were on the side of finance users, not just suppliers, and stressed that managing foreign exchange risk could crowd in a lot of additional private sector finance. He recommended a short decision, calling for further conceptual work "consistent with the core function of the Fund". The Board member from Cuba also indicated that discussing bonds and other instruments was too early, as the Fund needed to build up experience and its own credit rating.

For the private sector, the Southern active observer suggested that a crowdfunding approach, which could be useful in building a community of support for the GCF, could be tendered out. She also suggested looking more into special purpose vehicles off-the balance sheet approaches, citing the KfW Partnership Fund as a possible example. For civil society, the Southern active observer reiterated her community's assessment that a decision on mobilizing funding at scale was not justified at this time, as the approach recommended increased financialization without discussing to what end the money was leveraged. She pointed out that leverage ratios used as justification for such an approach were often inflated, lacked a clear definition and were not tied to financial additionality. She also called suggestions for crowdfunding as well as giving the PSF the ability to issue non-binding letters of intent premature.

The discussion was suspended to allow for the re-consideration of the decision text following the Executive Director's advice, to re-submit the papers at a later Board meeting, in order to allow the Secretariat to focus on the outreach to and engagement with countries' NDAs and the private sector and respective public and private applicants for accreditation. Discussing a new draft, Board members struggled to accommodate the possibility of issuing letters of intent, which according to the Executive Director were necessary even before a later decision on mobilizing funding at scale in order to not delay the development of project pipelines, although the private sector actors, to whom such a letter might be issued would have to be fully accredited to the GCF. While some Board members, including from Switzerland, the US and Norway felt that because letters of intent were non-binding there would be no problem in issuing them to not yet fully accredited organizations, the Board members from India and Cuba disagreed, requesting to not have a relationship implied by such a letter with an entity still under accreditation review.

A compromise text was found that captured the concern about a letter of intent not putting the integrity of the accreditation process into doubt. Songdo Board decision B.09/09[82] allows the Secretariat to issue, after informing the relevant NDAs, "non-binding letters of intent" as needed to accredited or potentially accredited entities", adding that in the latter case "the letter shall contain a provision to the effect that the interactions will not influence the process of accreditation." The decision requests the PSAG to present to the Board at its 10th meeting additional recommendations for activities regarding mobilizing resources at scale beyond those already submitted for the Barbados meeting, as well as comments from the Board, including on modalities for issuing requests for proposals. The PSAG held a two-day meeting in April, in which such additional comments were formulated to be presented at the 10th GCF Board meeting in July.[83] The Secretariat is also requested to submit for the consideration of the Board at its 11th meeting in November an outline of activities that could be undertaken to mobilize resources at scale.

Fund-Wide Gender-Sensitive Approach

The Governing Instrument mandates in para. 3 that the GCF take a gender-sensitive approach in order to maximize the impact of its funding for adaptation and mitigation, and thus defines gender-sensitivity as a cross-cutting issue for operationalizing the Fund. However, the first few GCF Board meetings failed to address gender at all. At the 4th GCF Board meeting in Songdo in June 2013, the Danish/Dutch GCF Board seat represented a non-paper on *"Operationalizing the Gender-Sensitive Approach in the Green Climate Fund"*[84] with a set of recommendations on how the gender dimension could be addressed and integrated in operational modalities and policies of the Fund. At the 5th Board meeting in Paris, absent a Board document for Board consideration and decision, gender was addressed under "other business." With a large number of Board member urging action, a surprise Board decision in Paris reaffirmed the Fund's commitment to a gender-sensitive approach and requested the Secretariat to present for the Board's consideration an options paper[85] at the 6th Board meeting. In the Board discussion in Bali, members unanimously welcomed the paper and adopted a decision which urged the Secretariat to ensure that gender is integrated into upcoming policy documents, including those for the decision at the 7th Board meeting. Bali Decision B.06/07 also mandated the development of a gender policy and action plan, including through consultations with observers. A draft was to be discussed at the Songdo meeting to be revised and finalized at the 8th Board meeting in October.

Due to the decision by the Co-Chairs to focus the 7th Board meeting only on the completion of the outstanding six operational modalities considered essential requirements for the Fund' initial resource mobilization, a discussion on a draft gender action plan and policy was postponed. However, the mandate from GCF Decision B.06/07 to integrate gender considerations into Board documents for decision in Songdo did apply unrestricted to the work of the Board and the Secretariat. Songdo Board decisions on the Fund's guiding framework on accreditation, its investment framework, its results management framework, its proposal approval process, as well as on the structure of the Fund and the modalities of its funding windows and the PSF did contain gender references or acknowledged the future gender policy as informing the Fund's operational approaches in some of these areas. An in-depth analysis of the status of mainstreaming gender into the GCF after the 7th GCF Board meeting identified some critical next steps, including, probably most importantly, the development of gender-responsive indicators. These have to go beyond a narrow focus on just gender-disaggregating data but need to include also a qualitative assessment of Fund activities' contribution to gender equality as a way for more efficient and effective mitigation and adaptation action.[86] Such gender-informed quantitative and qualitative measurement is crucial for both the results management framework and the investment framework. The 8th Board meeting in Barbados took up the performance measurement frameworks for adaptation and mitigation and acknowledged in decision B.08/07 the need for the further development of a gender-sensitive approach to GCF performance measurement. This further work will be addressed at the 11th Board meeting. The development of indicators for the Fund's investment criteria was not taken up at the 8th Board meeting, but will likely be addressed at the Board's March 2015 meeting.

A discussion on the draft gender policy and gender action plan[87] was on the agenda for the 8th Board meeting in Barbados, but came only up as an agenda item on the fourth day of the meeting late in the evening. The Australian Board member speaking on behalf of a large group of countries, including Spain, Norway, the United States, Korea, the DRC, Barbados, Argentina and others, felt a shortened discourse late at night did not do justice to the importance of the issue and suggested for Board members to send in comments with a view to deal with the issue intersessionally. However, several other Board members including from India, Zambia, South Africa, Cuba and the Philippines felt that the discussion on such an important issue should be held face-to-face in the full Board, "receiving the proper attention that it deserves" and not addressed in-between meetings only via written comments and confirmed by no-objection. A compromise proposal was then made by the Australian Board member to discuss both the gender policy and the gender action plan at the 9th Board meeting and prioritize such a discussion by putting it early on the meeting agenda. His Board colleagues agreed with this proposal and the Co-Chair noted it as the way forward.

For the 9th Board meeting, an updated Board document with a draft gender policy and a gender action plan[88] was presented, drawing on lessons learned from other climate funding instruments and on stakeholder consultations. It proposed to anchor the GCF's Gender Policy on six fundamental principles: 1) **commitment** to gender equality and equity; 2) **inclusiveness** in terms of applicability to all Fund activities; 3) **accountability** for gender and climate change results and impacts; 4) **country ownership** in terms of alignment with national policies and priorities and inclusive stakeholder participation; 5) **competencies** throughout the Fund's institutional framework; and 6) **equitable resource allocation** to ensure that women and men benefit equitably from the Fund's activities. A proposed draft Gender Action Plan to structure the implementation of the Fund's new Gender Policy in a verifiable and time-bound manner focused on the six priority areas, namely the Fund's governance and institutional structure, including in reaching out to recipient countries; the development of administrative and operational guidelines; capacity-building both within the Funds and among the Fund's partners; outputs, outcomes and impact monitoring and reporting; resource allocation and budgeting; and lastly, knowledge generation and communication.

One of the key commitments under the policy included the appointment of one staff person with competencies on gender and social development to coordinate the integration and uptake of gender considerations in all of the Secretariat's work and act as a focal point for in-house learning and competency building. Equally important to such a staff appointment, however, is that the Secretariat establishes a culture of internal accountability on gender-sensitivity with a clear commitment of the gender policy as a core responsibility of the Secretariat, including in dealing with and providing capacity building on gender as needed for NDAs/focal points and accredited entities(Annex IV provides some civil society comments on the gender policy and action plan as well as on the integration of gender considerations into other core GCF policies considered at the 9th Board meeting).

In chairing the discussion, the Peruvian Co-Chair pointed out the adoption of the Lima Work Programme on Gender at the COP20[89] as an inspiration, stressing that the topic was key for the Fund to fulfill its mandate. Commenting on the policy and the draft decisions several Board members (including from Germany, South Africa, Cuba, the DRC, Italy, and the UK) noted that they would like to see some improvements, but urged to adopt the policy and action plan at the 9th meeting, as the policy's consideration was delayed for too long. The South African Board member felt that the link of the gender policy to country ownership was not sufficiently developed and also questioned a provision asking for a mandatory social and gender assessment of proposed activities. The Board members from India and Cuba urged to adopt the policy provisional for a year to allow for a better integration of the views from civil society and women on the ground. Several other Board members, including from the Netherlands, the UK, France, Japan, Argentina, Ecuador, Georgia, the United States and Barbados agreed, arguing that the perfect should not be the enemy of the good and suggesting that the policy was a living document which could profit from further feedback within one or two years once also the new gender and social specialist of the Secretariat had the opportunity to review and suggest improvements to the policy.

The Dutch Board member stressed the uniqueness and innovativeness of the Fund, which is the first climate finance institution that will have a gender policy and action plan in place even before having effectiveness in terms of financial commitment authority. Board members from Sweden and Switzerland also stressed the potential reputational risk of delaying the approval of the gender policy any further, particularly in light of the Fund's requirement to applicant entities to document the existence of an own gender policy or gender competencies as an accreditation requirement.

In contrast, the Board member from Saudi Arabia was reluctant to approve the policy "as a blank check now", asking to give Board members more opportunities for submissions on details of the policy in light of cultural and religious sensitivities that some countries might have in addressing gender considerations and come back for a discussion at the 10th Board meeting. With colleagues urging to move forward with the core of the policy and not to leave Songdo without approval, the discussion was then suspended to allow Board members an opportunity to iron out some of the differences of opinion and ensure that a decision text could be drafted that allowed the policy and action plan to go forward, a key goal of the vast majority of Board members. Members found a compromise language acceptable to all Board member by drawing on language used in the UNFCCC Lima Work Programme on Gender.

Ultimately, both the GCF gender policy and gender action were adopted "acknowledging the progress made in advancing gender balance and gender equality within the context of climate change policies and in line with individual country circumstances, when applying said policy." This national exemption clause constitutes of course a weakening of the universality of the gender policy and sets an unfortunate precedent. Songdo decision B.09/11[90] requests the Secretariat to take all necessary measures in order to expedite the implementation of the policy and action plan. It also provides a built-in revision and upgrade opportunity by requesting the Secretariat's new Gender and Social Development Specialist (which the Secretariat is in the process of hiring) to conduct a review of the gender policy and action plan in consultation with civil society organization accredited to the Fund and "to submit an updated version of both" by the 12th GCF Board meeting in Spring 2016. Members of the Board are invited to submit comments and additional proposals regarding the current policy and action plan by the 10th Board meeting in July.

Initial Term of Board Membership

According to the Governing Instrument para.12, Board members and alternate members serve for a term of three years and can serve additional terms as determined by their constituency. As the first constituting meeting of the GCF Board began on August 23, 2012, this first three-year period of the Board membership ends on August 23, 2015 and thus in between Board meetings and just weeks before the last and crucial Board meeting of this year. At the fall meeting, the Board is hoping to decide on the first funding proposals, thereby marking the full operationalization of the GCF.

Several regional groupings within the Board two constituencies of developed and developing countries proposed for the reason of continuity and to see the Board membership through the 11th GCF Board meeting and the Paris COP21 shortly thereafter that the current membership of the Board be extended until the end of the year. The new term of Board members would then begin on January 1, 2016. In parallel, an extension of the term of the co-chairs was also suggested. According to the Rules of Procedure for the Board, they serve a one-year term but continue in their functions until their successors have been elected.[91]

Presenting options for formulizing such an extension, the Norwegian Co-Chair pointed out that a change to the Governing Instrument or an amendment to the Board's Rules of Procedure similar to the co-chair's provision extending their functions until the election of successors might be a possibility. He also highlighted that any extension of the Board members' term would also affect the a number of committees and panels in which Board members serve, in particular the Accreditation Committee, the Risk Management Committee and the Private Sector Advisory Group. The question of aligning the membership with the calendar year would then also be an issue for the active observers, whose term without changes would expire this summer.

In reacting to the proposed course of action, both the Board members from the UK and from Argentina expressed concern about amending the Governing Instrument and the Rules of Procedure, suggesting instead that regional groups and the constituencies should make efforts to replace their Board members by August, und if this is impossible, extend their functions until the end of the year. The Board members from Saudi Arabia, Africa and India stressed that their regional groups would need time to negotiate the regional representation and that for example the African group would not have time to agree on new Board members until during the COP. The importance of preserving the institutional memory of current Board members in the final months of this year for the continuity and the benefit of the GCF was highlighted by the member of the DRC. The US Board member underlined that a Board's decision on this issue would only clarify the current ambiguity in the Governing Instrument and that the Board was well in its authority to make such a decision, without changes to the Governing Instrument or the Rules of Procedure as a one-time extension.

Board decision B.09/12 takes a principle-based approach[92]. While acknowledging (and not changing) that the Board membership term expires on August 23, 2015, it proposes that if successors to the current

Board members, alternate members and active observers are not selected by August 23, 2015 they would continue in their functions until their successors have been selected. This selection is expected to be completed no later than December 31, 2015. The term of the new members, irrespective on when they begin, would then end on August 23, 2018. These principles would then also apply to the members of the Board serving in the Accreditation Committee, the Risk Management Committee, the Investment Committee and the Private Sector Advisory Group. The Secretariat is asked to inform the Parties to the UNFCCC about these principles and to discuss them further at its next Board meeting. With this approach, the Board avoided changes to both the Governing Instrument and the Rules of Procedures, fearing the precedent ("opening of Pandorra's box") that this could have set.

Irrespective of this decision, the composition of the GCF Board was already undergoing changes continuously, as for example the assigned government representative for one country might be exchanged throughout the formal Board membership term. In some developed country Board seats, where two countries are sharing the seat, there are likewise rotations scheduled, with some former alternate members assuming the principal seat and vice versa over the course of the Board membership term. In addition, several developing country Board members are sharing the seat in a grouping with several countries. The regional groupings from Asia-Pacific and Latin America and the Caribbean are rotating their chairs on an annual basis during the three-year term of membership. Among developing countries, only the African regional group confirmed their members and alternates without rotation for a full term. These regional grouping will have to renegotiate which countries will represent them for the next three year period, which are likely different ones not represented during the Board's first term, although the Governing Instrument technically allows for a second Board member term.

Already for the 9th GCF Board meeting, the Board Co-Chairs welcomed a number of new Board members, including from China, Germany, the Netherlands, Australia, Bangladesh, the Czech Republic, Chile and Spain. Over the course of the past years, the Board has lost many of its members who have been involved in the GCF from its design beginnings in the Transitional Committee, such as last year's Board Co-Chair, Germany's Manfred Konukiewitz, and with it bits and pieces of its institutional memory. The new Board term will likely accelerate this loss. The context and the history of Board decisions, however, remain important for new Board members to understand as the GCF is starting its full operations.

Appointment Committee for the Heads of the GCF Accountability Mechanisms

The Governing Instrument mandates the establishment of three accountability mechanisms, the Independent Evaluation Unit (IEU), the Independent Integrity Unit (IIU) and the Independent Redress Mechanism (IRM) in paras.60, 68 and 69 respectively. They form a crucial part of the overall structure of the Fund and should be up and running as the GCF starts to fund the first proposals. At its 6th meeting in Bali in February 2014, the Board with decision B.06/09 adopted the respective terms of reference for the three accountability mechanisms. In Bali, decision B.06/08 also requested the Secretariat to "present to the seventh Board meeting a proposal, with draft terms of reference, to establish a Board committee to assist the Board in the appointments, performance reviews, salary decisions and accountability of the Head of the Independent Evaluation Unit, the Head of the Independent Integrity Unit and the Head of the Independent Redress Mechanism Unit as well as the Executive Director." As the agenda of 7th Board meeting was focused on finalizing the essential requirements for the initial resource mobilization of the Fund, the matter of setting up an appointment committee was shifted to the 8th Board meeting, where – because of an overambitious agenda – it was also not taken up.

This leftover issue from the Board's 2014 work plan narrowly avoided a similar fate at the 9th Board meeting in Songdo in March 2015, where it was briefly discussed under "other matters" as the very last item of substance of the meeting in the early morning hours of March 27th. A sleep-deprived Board with decision B.09/14 established the six member (three from developed, three from developing countries) Appointment Committee as an ad-hoc committee of the Board. It is supposed to guide and monitor the processes for the selection and appointment of the Board appointed officials for these accountability mechanisms, but also makes recommendations to the Board regarding the salary, benefits and the accountability of these officials. It is mandated to seek out the Board's Ethics and Audit Committee for the appointment of the head of the Independent Integrity Unit. As an ad-hoc committee of the Board, it will function until the heads of the accountability mechanisms have been decided by the Board or if its functions are taken over by a standing committee of the Board.

Indeed, Songdo Board decision B.09/14[93] foresees that the current ad hoc set-up of the Appointment Committee could be transferred into the status of a standing Board committee as early as at the 11th GCF Board meeting. As a standing committee, it would then help the Board to not only oversee the appointments, performance reviews and salary decisions and accountability of the heads of the three GCF accountability mechanisms, but also address those issues with respect to the Executive Director. The decision requests the Appointment Committee, once its members have been selected with a Board decision on a no objection basis in-between meetings (which happened in late May, but without commensurate documentation available on the GCF website) to present the terms of reference for the functions of the heads of the three accountability mechanisms to the Board at its July meeting in Songdo. The Board document for the 10th GCF Board meeting on the selection process and the terms of the reference for the heads of the three accountability units confirms that the merit-based process for selecting the heads of the accountability units already started with two virtual meetings of the Appointment Committee in early June.[94]

Board Priorities for the 10th GCF Board Meeting and the Remainder of 2015

With the political acceleration of the international climate negotiations for a new global climate agreement to be reached in Paris as the background, the Board and the Secretariat are working feverishly to get those policies and operational and administrative procedures into (often only good enough) shape to allow for the first consideration of project proposals in the lead-up to the last Board meeting of this year. A number of these requirements are also leftover unfinished business from last year's Board work plan. Working through the list of these decisions considered "essential-for-the-first-proect-approvals" is daunting enough. Added to this are some yearly requirements, such as the report to the COP and the determination of the Fund's administrative budget for next year and some leftover issues from large year, such as administrative guidelines on human resources and procurement, which largely pre-determine the agenda of the next two Board meeting and push anything considered "non-essential" for the fulfillment of this goal further down the road. Already, as one of the decisions to be taken at the 10th GCF Board meeting the Co-Chairs propose to push the dates of the 11th meeting further back from late October to late November and thus literally just days before COP21 convenes in Paris. This is supposed to give the Secretariat more time between the early July and the next Board meeting to work (with the help of the accreditation panel and a quickly constituted Independent Technical Advisory Panel) through the ever larger stack of accreditation applications (close to 100 now) as well as to consider and review the most promising of the 120 project ideas and concepts that the Secretariat has already received. According to the Executive Director speaking at the UN Secretary General's High Level Event on Climate Change on June 29th, project ideas worth US$500 million -- primarily submitted by the7 entities accredited for project implementation at the 9th Board meeting and the 13 to be considered by the Board for accreditation approval at the 10th Board meeting – could be developed further with a Board approval at the 11th Board meeting in mind.[95]

This tight time-table, of course is dependent on a couple of key decisions scheduled for the July Board meeting in Songdo. The provisional agenda lists close to 30 agenda items, some of them extremely complex and contentious, to be discussed over four Board days). Each of them is crucially important to keep on track for Paris;, failure to decide on either of them could put the whole plan to approve the first projects in November in jeopardy. The initial proposal approval process, outlined at the 7th Board meeting a year ago, needs further work. Experts for the ITAP, which is to review proposals, need to be appointed so that this expert body, who initially will review all proposals, can get to work after July. And these experts need to know what the methodology is according to which they are supposed to rate proposals on a proposed scale indicating proposal's likelihood of success ("low", "medium", "high") in delivering against the Fund's investment criteria. The terms and conditions for the loan and grant provision through the Fund need to be finalized, including with guidance on how the "case-by-case" approach, which the Board approved at its 9th meeting, is supposed to be implemented so that entities submitting projects know what finance to what conditions they can expect from the Fund. Of course, the risk the Fund is willing to take in delivering this Fund, aka the "risk appetite" of the Fund and how it should be determined needs to be tackled first – another key decision that the 10th Board meetings needs to take.

With the first accredited entities already preparing future implementation work, the Fund at the 10th meeting also needs to at least start to put together the framework about how those entities are monitored and held to account. This includes items on the agenda for the 10th Board meeting, such as the terms of reference for the heads of the three accountability mechanisms of the Fund, but also issues not on the July Board agenda, most prominently the urgently needed update of the interim information disclosure policy with its current shortcomings affecting the accreditation process and stakeholder and observer engagement. Basis of any funding relationship between the GCF and accredited entities are a set of legal and formal arrangements. How fast the first accreditation master agreements with accredited institutions can be finalized will thus be a determinant of the ability of the Board to deliver the first approved GCF projects to the Paris COP as well. Lastly, with all the backlog from past meetings and lots of homework still to be done, the Board must improve its capacity for and the efficiency of its decision-making. The 10th Board meeting will thus take another step at agreeing on procedures for decision-making (through a voting system) in the absence of consensus and a methodology on how more decisions can be taken by the Board on a no-objection basis in-between meetings.

All this is more than enough to advise the Board and the Secretariat to "hurry slowly" that is to in the haste to deliver against the political deadline set by the Paris COP21 not to forget that the GCF has to deliver not only fast, but more importantly well. Only then can it assure the world that it will not only "open for business" in time, but is ready support developing countries with activities and projects "beyond business as usual.

ENDNOTES:

Meeting documents for the 9th GCF Board meeting (in the version submitted to the Board pre-Songdo, with some updated newer versions of some documents) are posted on the GCF website (http://www.gcfund.org/documents/board-meeting-documents.html).

The summary report of the decisions taken in Songdo was posted in mid-April on the GCF website (http://www.gcfund.org/fileadmin/00_customer/documents/MOB201503-9th/23_-_Decisions_of_the_Board_-__Ninth_Meeting_of_the_Board__24_-_26_March_2015_20150416_fin.pdf . It is unclear if the recordings of the Songdo proceedings are made available.

[1] Barbados Board Document B.08/46,"Report of the Eighth Meeting of the Board, 14-17 October 2014; available at: http://www.gcfund.org/fileadmin/00_customer/documents/MOB201503-9th/Report_of_8th_Meeting_20150302_fin.pdf.

[2] Songdo Board Document GCF/B.09/Inf.02, "Report on Activities of the Co-Chairs"; available at: http://www.gcfund.org/fileadmin/00_customer/documents/MOB201503-9th/Inf.02_-_Report_on_Activities_of_the_Co-Chairs_20150316_fin.pdf.

[3] Songdo Board Document GCF/B,09/Inf.03, "Report on Activities of the Secretariat"; available at: http://www.gcfund.org/fileadmin/00_customer/documents/MOB201503-9th/Inf.03_-_Report_on_Activities_of_the_Secretariat_20150225_fin.pdf.

[4] Information on NDA/focal point designations, including a list of all designations, is available at: http://www.gcfund.org/operations/readiness/designations.html.

[5] Board Document in between meetings GCF/BM-2015/Inf.05, "Revised Report on Readiness and Preparatory Support Programme"; available at: http://www.gcfund.org/fileadmin/00_customer/documents/In_between/Inf.05_-_Revised_Report_on_Readiness_and_Preparatory_Support_Programme_20150430_fin.pdf

[6] Songdo Board Document GCF/B.10/Inf.06, "Progress Report on the Readiness and Preparatory Support Programme"; available at: http://www.gcfund.org/fileadmin/00_customer/documents/MOB201507-10th/Inf.06_-_Progress_Report_on_Readiness_and_Preparatory_Support_Programme_20150619_fin.pdf.

[7] GCF Secretariat press release on April 30, 2015; available at: http://www.gcfund.org/fileadmin/00_customer/documents/Press/release_GCF_2015_contributions_status_30_april_2015.pdf

[8] GCF Secretariat Press release on May 21, 2015; available at: http://news.gcfund.org/wp-content/uploads/2015/05/GCF_press_release_21_may_2015.pdf.

[9] Songdo Board Document GCF/B.10/Inf.09, "Status of the Initial Resource Mobilization Process"; available at: http://www.gcfund.org/fileadmin/00_customer/documents/MOB201507-10th/Inf.09_-_Status_of_the_Initial_Resource_Mobilization_process_20150616_fin.pdf.

[10] Songdo Board Document GCF/B.09/02, "Work Plan for 2015"; available at: http://www.gcfund.org/fileadmin/00_customer/documents/MOB201503-9th/02_-_Work_Plan_for_2015_20150213_fin.pdf.

[11] Songdo Board Document GCF/B.10/01/Drf. 01, "Provisional Agenda"; available at: http://www.gcfund.org/fileadmin/00_customer/documents/MOB201507-10th/01_Drf.01_-_Provisional_Agenda_20150611_fin.pdf

[12] Barbados Board Document GCF/B.08/07, "Further Development of the Initial Results Management Framework"; available at: http://www.gcfund.org/fileadmin/00_customer/documents/MOB201410-8th/GCF_B.08_07_Further_Development_Initial_Results_ManagementFramework_fin_20141006.pdf.

[13] Decision B.08/07, in: Document GCF/B.08/45, "Decisions of the Board –Eighth Meeting of the Board, 14-17 October 2014, p.9f; available at: http://www.gcfund.org/fileadmin/00_customer/documents/MOB201410-8th/GCF_B.08_45_Compendium_fin_20141206.pdf

[14] Songdo Board Document GCF/B.09/06; "Analysis of the Expected Role and Impact of the Green Climate Fund"; available at: http://www.gcfund.org/fileadmin/00_customer/documents/MOB201503-9th/06_-_Analysis_of_the_Expected_Role_and_Impact_of_the_Green_Climate_Fund_20150228_fin.pdf

[15] Decision B.09/02, in: Songdo Board Document GCF/B.09/23, "Decisions of the Bard – Ninth Meeting of the Board, 24-26 March 2015", p.3; available at: http://www.gcfund.org/fileadmin/00_customer/documents/MOB201503-9th/23_-_Decisions_of_the_Board_-__Ninth_Meeting_of_the_Board__24_-_26_March_2015_20150416_fin.pdf.

[16] Songdo Board Document GCF/B.04/17, "Decisions of the Board – Fourth Meeting of the Board, June 26-28, 2013", Decision B.04/08, para. (k), p.7; available at: http://www.gcfund.net/fileadmin/00_customer/documents/pdf/B-04_17_decisions.pdf.

[17] GCF Decision B.BM-2014/2 (Decision taken in between Board meetings), "Decision on the Appointment of Members of the Investment Committee", http://gcfund.net/fileadmin/00_customer/documents/pdf/Decision_B.BM-2014_02_on_Appointment_of_Members_Investment_Committee.pdf

[18] Bali Board Document GCF/B.06/11, "Investment Framework (Progress Report)," available at: http://gcfund.net/fileadmin/00_customer/documents/pdf/GCF_B06_Investment_Framework_fin_20140211.pdf.

[19] Songdo Board Document GCF/B.07/06, "Investment Framework", available at: http://gcfund.net/fileadmin/00_customer/documents/MOB201406-7th/GCF_B07_06_Investment_Framework140509__fin_20140509.pdf.

[20] "Compendium of Submissions: Investment Framework Call for Public Input"; available at: http://www.gcfund.org/fileadmin/00_customer/documents/Press/GCF_Investment_Framework_Compilation_20141016.pdf

[21] Barbados Board Document GCF/B.08/20, "Further Development of the Initial Investment Framework"; available at: http://www.gcfund.org/fileadmin/00_customer/documents/MOB201410-8th/GCF_B.08_20_Further_Development_of_Initial_Investment_Framework_fin_20141005.pdf.
[22] Songdo Board Document GCF/B.09/07, "Further Development of the Initial Investment Framework: Sub-Criteria and Methodology"; available at: http://www.gcfund.org/fileadmin/00_customer/documents/MOB201503-9th/07_-_Further_Development_of_the_Initial_Investment_Framework_20150223_fin.pdf.
[23] Decision B.09/07, in: Document GCF/B.09/23, "Decision of the Board – Ninth Meeting of the Board, 24-26 March 2015, p.5 and Annex III, pp.24-30;available at: http://www.gcfund.org/fileadmin/00_customer/documents/MOB201503-9th/23_-_Decisions_of_the_Board_-__Ninth_Meeting_of_the_Board__24_-_26_March_2015_20150416_fin.pdf
[24] Barbados Board Document GCF/B.08/21, "Initial Approval Process – Draft Terms of Reference of the Independent Technical Advisory Panel, available at: http://www.gcfund.org/fileadmin/00_customer/documents/MOB201410-8th/GCF_B.08_21_Initial_Approval_Process_Draft_TOR_fin_20141005.pdf.
[25] Songdo Board Document GCF/B.09/09, "Terms of Reference of the Technical Advisory Panel"; available at: http://www.gcfund.org/fileadmin/00_customer/documents/MOB201503-9th/09_-_Terms_of_Reference_for_Technical_Advisory_Panel_20150218_fin.pdf.
[26] Decision B.09/10, in: Document GCF/B.09/23, "Decision of the Board – Ninth Meeting of the Board, 24-26 March 2015, p.3. The ITAP terms of reference are listed as Annex XII of the document, pp.80-83;available at: http://www.gcfund.org/fileadmin/00_customer/documents/MOB201503-9th/23_-_Decisions_of_the_Board_-__Ninth_Meeting_of_the_Board__24_-_26_March_2015_20150416_fin.pdf .
[27] GCF Decision B.BM-2014/03 (Decision taken in between Board meetings), "Decision of the Board on the Appointment of ; Members of the Risk Management Committee"; available at: http://gcfund.net/fileadmin/00_customer/documents/pdf/Decision_B.BM-2014_03_On_Appointment_of_Members_Risk_Management_Committee.pdf
[28] Bali Board Document GCF/B.06/10, "Financial Risk Management Framework (Progress Report)," available at: http://gcfund.net/fileadmin/00_customer/documents/pdf/GCF_B06_Financial_risk_management_fin_20140207.pdf.
[29] Songdo Board Document GCF/B.07/05, "Financial Risk Management Framework", available at: http://gcfund.net/fileadmin/00_customer/documents/MOB201406-7th/GCF_B07_05_Financial_Risk_Management_fin140507.pdf.
[30] Barbados Board Document GCF/B.08/32, "Initial Risk Management Framework: Survey of Methodologies to Define and Determine Risk Appetite"; available at: http://www.gcfund.org/fileadmin/00_customer/documents/MOB201410-8th/GCF_B.08_32_IRMF-Survey_Methodologies_Risk_App_fin_20141006.pdf.
[31] Decision B.09/06, in: Document GCF/B.09/23, "Decision of the Board – Ninth Meeting of the Board, 24-26 March 2015, p.6; available at: http://www.gcfund.org/fileadmin/00_customer/documents/MOB201503-9th/23_-_Decisions_of_the_Board_-__Ninth_Meeting_of_the_Board__24_-_26_March_2015_20150416_fin.pdf .
[32] Songdo Board Document GCF/B.10/07, "Initial Risk Management Framework: Methodology to Determine and Define the Fund's Risk Appetite"; available at: http://www.gcfund.org/fileadmin/00_customer/documents/MOB201507-10th/07_-_Methodology_to_Determine_and_Define_the_Funds_Risk_Appetite_20150625_fin.pdf.
[33] Songdo Board Document GCF B.09/16, "Policy on Ethics and Conflicts of Interest of the Board"; available at: http://www.gcfund.org/fileadmin/00_customer/documents/MOB201503-9th/16_-_Policy_on_Ethics_and_Conflicts_of_Interest_for_the_Board_20150321_fin.pdf
[34] Decision B.09/03, in: Document GCF/B.09/23, "Decision of the Board – Ninth Meeting of the Board, 24-26 March 2015, p.3f. The policy itself is listed as Annex I of the document, pp.13-22; available at: http://www.gcfund.org/fileadmin/00_customer/documents/MOB201503-9th/23_-_Decisions_of_the_Board_-__Ninth_Meeting_of_the_Board__24_-_26_March_2015_20150416_fin.pdf
[35] Songdo Board Document GCF/B.10/13, "Policy on Ethics and Conflicts of Interest", available at: http://www.gcfund.org/fileadmin/00_customer/documents/MOB201507-10th/13_-_Policies_on_Ethics_and_Conflicts_of_Interest_20150630_fin.pdf.
[36] The four senior international expert appointed to help with the guiding framework for accreditation are: **Mr. Peter Richard Carter from the United Kingdom** (with a background as head of sustainable development at the European Investment Bank, EIB), **Mr. Gonzalo Castro de la Mata**, Peru (with a background as chair of Ecosystem Services in offset and REDD credit trading, and also recently appointed to the World Bank's Inspection Panel), **Mr. Wolfgang Diernhofer**, Austria (with a background working with an Austrian Consulting firm and managing his country's Joint Implementation/Clean Development Mechanism program), and **Ms. Isna Marifa**, Indonesia (with a background as a consultant for USAID, the Indonesian government, and Mobil Oil Indonesia).
[37] The additional two members nominated by the Accreditation Committee were **Ms. Penelope Herbst** (South Africa/UK) and **Ms. Anastasia Northland** (from Russia/USA with a background as lecturer at the University of Miami and a former program officer at the UNFCCC.
[38] Document GCF/B.08/45, "Decisions of the Board – Eighth Meeting of the Board, 14-17 October 2014", p.19; available at: http://www.gcfund.org/fileadmin/00_customer/documents/MOB201410-8th/GCF_B.08_45_Compendium_fin_20141203.pdf
[39] Bali Board Document GCF/B.06/09, "Guiding Framework and Procedures for Accrediting National, Regional and International Implementing Entities and Intermediaries, Including the Fund's Fiduciary Principles and Standards and Environmental and Social Safeguards (Progress Report)"; available at: http://gcfund.net/fileadmin/00_customer/documents/pdf/GCF_B06_09_Guiding_Framework_for_Accreditation_fin_20140211.pdf.
[40] Songdo Board Document GCF/B.07/02, "Guiding Framework and Procedures for Accrediting National, Regional and International Implementing Entities and Intermediaries, Including the Fund's Fiduciary Principles and Standards and

Environmental and Social Safeguards", available at: http://gcfund.net/fileadmin/00_customer/documents/MOB201406-7th/GCF_B07_02_Guiding_Framework_for_Accreditation_fin_20140512_16.30_hrs.pdf.

[41] Information on the IFC's 2012 (latest) version its Sustainability Framework, which contains the IFC's set of eight Performance Standards (PS) and detailed Guidance Notes can be found at: http://www.ifc.org/wps/wcm/connect/Topics_Ext_Content/IFC_External_Corporate_Site/IFC+Sustainability/Sustainability+Framework/Sustainability+Framework+-+2012/Performance+Standards+and+Guidance+Notes+2012/. The Performance Standards in full are available at http://www.ifc.org/wps/wcm/connect/115482804a0255db96fbffd1a5d13d27/PS_English_2012_Full-Document.pdf?MOD=AJPERES. The full Guidance Notes are available at http://www.ifc.org/wps/wcm/connect/e280ef804a0256609709ffd1a5d13d27/GN_English_2012_Full-Document.pdf?MOD=AJPERES .

[42] Barbados Board Document GCF/B.08/02, "Guidelines for the Operationalization of the Fit-for-purpose Accreditation Approach"; available at: http://www.gcfund.org/fileadmin/00_customer/documents/MOB201410-8th/GCF_B.08_02_Fit_for_Purpose_Accreditation_fin_20141005.pdf.

[43] Available at http://www.gcfund.org/accreditation/applications.html**.**

[44] Barbados Board Document GCF/B.08/06, "Application Documents for Submissions of Applications for Accreditation"; available at: http://www.gcfund.org/fileadmin/00_customer/documents/MOB201410-8th/GCF_B.08_06_Contents_Accreditation_Application_fin_20141005.pdf.

[45] Barbados Board Document GCF/B.08/03, "Assessment of Institutions Accredited by Other Relevant Funds and Their Potential for Fast-track Accreditation"; available at: http://www.gcfund.org/fileadmin/00_customer/documents/MOB201410-8th/GCF_B.08_03_Assessment_Institutions_Accredited_fin_20101008.pdf.

[46] Barbados Board Document GCF/B.08/05, "Relevant International Private Sector Best-Practice Fiduciary Principles and Standards and Environmental and Social Safeguards"; available at: http://www.gcfund.org/fileadmin/00_customer/documents/MOB201410-8th/GCF_B.08_05_Private_Sector_Best_Practices_fin_20141007.pdf.

[47] Information about the Equator Principles is available at http://www.equator-principles.com/**.**

[48] Ibid.

[49] Songdo Board Document GCF/B.10/Inf.12, "Recommendations for Further Accrediting National, Regional and Private Sector Entities; available at: http://www.gcfund.org/fileadmin/00_customer/documents/MOB201507-10th/Inf.12_-_Recommendations_for_Further_Accrediting_20150630_fin.pdf.

[50] Songdo Board Document GCF/B.09/04, "Consideration of Accreditation Proposals;" available at: http://www.gcfund.org/fileadmin/00_customer/documents/MOB201503-9th/04_-_Consideration_of_Accreditation_Proposals_20150306_fin.pdf.

[51] "Deployment of GCF resources for climate projects. Reinforcing GCF's role as a main financing entity under the financial mechanism of the UNFCCC," intervention by GCF Executive Director Hela Cheikhrouhou in New York on June 29, 2015; available at: http://www.gcfund.org/fileadmin/00_customer/documents/Press/state_GCF_2015_new.york_resource.deployment.pdf.

[52] Paris Decision B.05/15, in: Document GCF/B.05/23, "Decisions of the Board – Fifth Meeting of the Board, 8-10 October 2013, p.11 and Annex XX, pp.52-57; available at: http://gcfund.net/fileadmin/00_customer/documents/pdf/GCF_B05_23_Decisions_5th_Meeting_of_the_Board_20131108.pdf . Also available at: http://www.gcfund.org/fileadmin/00_customer/documents/pdf/Interim_Information_Disclosure_Practice.pdf.

[53] Songdo Decision B.09/07, in: Document GCF/B.09/23, "Decisions of the Board – Ninth Meeting of the Board, 24-26 March 2015, p.6 and Annexes IV to X, pp.31-76; available at: http://www.gcfund.org/fileadmin/00_customer/documents/MOB201503-9th/23_-_Decisions_of_the_Board_-__Ninth_Meeting_of_the_Board__24_-_26_March_2015_20150416_fin.pdf

[54] The checklist for Stage I of the accreditation process is available at: http://www.gcfund.org/fileadmin/00_customer/documents/Operations/GCF_Check_List_Stage_I_Secretariat.pdf; the checklist for Stage II of the accreditation process available at: http://www.gcfund.org/fileadmin/00_customer/documents/Operations/GCF_Check_List_Stage_II_Accreditation_Review.pdf.

[55] Barbados Board Document GCF/B.08/23, "Legal and Formal Arrangements with Intermediaries and Implementing Entities"; available at: http://www.gcfund.org/fileadmin/00_customer/documents/MOB201410-8th/GCF_B.08_23_Legal_Formal_Arrangements_Intermediaries_IEs_fin_20141006.pdf.

[56] Songdo Board Document GCF/B.09/03, "Legal and Formal Arrangements with Accredited Entities"; available at: http://www.gcfund.org/fileadmin/00_customer/documents/MOB201503-9th/03_-_Legal_and_Formal_Arrangements_with_Accredited_Entities_20150225_fin.pdf.

[57] Sondo Decision B.09/08, in: Document GCF/B.09/23, "Decisions of the Board – Ninth Meeting of the Board, 24-26 March 2015, p.7 and Annex XI, pp.77-79; available at: http://www.gcfund.org/fileadmin/00_customer/documents/MOB201503-9th/23_-_Decisions_of_the_Board_-__Ninth_Meeting_of_the_Board__24_-_26_March_2015_20150416_fin.pdf.

[58] Songdo Board Document GCF/B.10/Inf.11 "Initial Monitoring and Accountability Framework for Accredited Entities (Progress Report"; available at: http://www.gcfund.org/fileadmin/00_customer/documents/MOB201507-10th/Inf.11_-_Initial_Monitoring_and_Accountability_Framework_for_Accredited_Entities_20150621_fin.pdf.

[59] Bali Board Document GCF/B.06/15, "Additional Modalities That Further Enhance Direct Access, Including Through Funding Entities"; available at: http://gcfund.net/fileadmin/00_customer/documents/pdf/GCF_B06_15_Direct_Access_Modalities__fin_2014_02_11.pdf.

[60] Barbados Board Document GCF/B.08/09, "Additional Modalities That Further Enhance Direct Access, Including Through Funding Entities"; available at: http://www.gcfund.org/fileadmin/00_customer/documents/MOB201410-8th/GCF_B.08_09_Additional_Modalities_that_Further_Enhace_Direct_Access_fin_20141007.pdf.
[61] Barbados Board Document GCF/B.08/45, "Decisions of the Board – Eighth Meeting of the Board, 14-17 October 2014", p.11 and Annex XII (pp.87f); available at: http://www.gcfund.org/fileadmin/00_customer/documents/MOB201410-8th/GCF_B.08_45_Compendium_fin_20141203.pdf
[62] Songdo Board Document GCF/B.09/05, "Additional Modalities that Further Enhance Direct Access: Terms of Reference for a Pilot Phase"; available at: http://www.gcfund.org/fileadmin/00_customer/documents/MOB201503-9th/05_-_Additional_Modalities_20150305_fin.pdf.
[63] Songdo Board Document GCF/B.10/05, "Additional Modalities that Further Enhance Direct Access: Terms of Reference for a Pilot Phase"; available at: http://www.gcfund.org/fileadmin/00_customer/documents/MOB201507-10th/05_-_Additional_Modalities_that_Further_Enhance_Direct_Access_20150621_fin.pdf.
[64] Songdo Board Document GCF/B.04/06, "Business Model Framework: Financial Instruments"; available at: http://www.gcfund.net/fileadmin/00_customer/documents/pdf/B-04_06_BMF_Financial_Instruments_10Jun13.pdf.
[65] These principles are listed in Annex III to GCF Board Document GCF/B.05/23 (Decisions of the Board); available at: http://gcfund.net/fileadmin/00_customer/documents/pdf/GCF_B05_23_Decisions_5th_Meeting_of_the_Board_20131108.pdf, p.17.
[66]. Bali Board Document GCF/B.06/16, "Financial Terms and Conditions of Grants and Concessional Loans", available at: http://gcfund.net/fileadmin/00_customer/documents/pdf/GCF_06_Financial_terms_and_conditions_fin_20140206.pdf.
[67] Songdo Board Document GCF/B.07/11, "Decisions of the Board – Seventh Meeting of the Board, 18-21 May 2014" (version of June 19, 2014); available at: http://gcfund.net/fileadmin/00_customer/documents/MOB201406-7th/GCF_B07_Decisions_Seventh_Meeting_fin_20140619.pdf.
[68] Barbados Board Document GCF/B.08/11, "Financial Terms and Conditions of Grants and Concessional Loans"; available at: http://www.gcfund.org/fileadmin/00_customer/documents/MOB201410-8th/GCF_B.08_11_Financial_Terms_and_Conditions_Formatted_fin_20141007.pdf.
[69] Songdo Board Document GCF/B.07/10, "Report of the Private Sector Advisory Group (PSAG) to the Board of the Green Climate Fund"; the high level recommendations of the PSAG to the GCF Board can be found in annex I. The document is available at: http://gcfund.net/fileadmin/00_customer/documents/MOB201406-7th/GCF_B07_10_Report_of_PSAG_to_the_Board_of_the_GCF.pdf.
[70] Barbados Board Document GCF/B.08/45, "Decisions of the Board – Eighth Meeting of the Board, 14-17 October 2014, p.14f; available at: http://www.gcfund.org/fileadmin/00_customer/documents/MOB201410-8th/GCF_B.08_45_Compendium_fin_20141206.pdf.
[71] Songdo Board Document GCF/B.09/08, "Financial Terms and Conditions of the Fund's Instruments"; available at: http://www.gcfund.org/fileadmin/00_customer/documents/MOB201503-9th/08_-_Financial_Terms_and_Conditions_of_the_Funds_Instruments_20150217_fin.pdf.
[72] For the expert members of the PSAG, please see a listing at: http://www.gcfund.org/fileadmin/00_customer/documents/pdf/Biographies_of_PSAG_experts.pdf
[73] Songdo Board Document GCF/B.07/10, "Report of the Private Sector Advisory Group (PSAG) to the Board of the Green Climate Fund"; the high level recommendations of the PSAG to the GCF Board can be found in annex I. The document is available at: http://gcfund.net/fileadmin/00_customer/documents/MOB201406-7th/GCF_B07_10_Report_of_PSAG_to_the_Board_of_the_GCF.pdf.
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ANNEX I

Members of the Board of the Green Climate Fund (as of June 2015)

Seat No.	Member/ Alternate Member (AM)	Country	Regional Group
1	Mr. Christian N. Adovelande	Benin	Africa
1	Mr. Tosi Mpanu Mpanu (AM)	DR Congo	Africa
2	Mr. Omar El-Arini	Egypt	Africa
2	Mr. Newai Gebre-ab (AM)	Ethiopia	Africa
3	Mr. Zaheer Fakir	South Africa	Africa
3	Mr. Paulo Gomes (AM)	Guinea Bissau	Africa
4	Mr. Yingming Yang	China	Asia-Pacific
4	Mr. Hoe Jeong Kim (AM)	South Korea	Asia Pacific
5	**Mr. Ayman Shasly**	Saudi Arabia	Asia-Pacific
5	**Mr. Jose Ma. Clemente Sarte Salceda (AM)**	Philippines	Asia-Pacific
6	**Mr. Nauman Bashir Bhatti**	Pakistan	Asia-Pacific
6	**Mr. Shri Dipak Dasgupta (AM)**	India	Asia-Pacific
7	**Mr. Jorge Ferrer Rodriguez**	Dominican Rep.	Latin America/ Caribbean
7	**Ms. Audrey Joy Grant (AM)**	Belize	Latin America/ Caribbean
8	**Ms. Mariana Ines Micozzi**	Argentina	Latin America/ Caribbean
8	Mr. Cristian Salas (AM)	Chile	Latin America/ Caribbean
9	**Mr. Gabriel Quijandria**	Peru	Latin America/Caribbean
9	**Mr. Angel Valverde Gallardo**	Ecuador	Latin America/ Caribbean
10	Mr. David Kaluba	Zambia	LDCs
10	Mr. Nojibur Rahman (AM)	Bangladesh	LDCs
11	Mr. Patrick McCaskie	Barbados	SIDS
11	Mr. Ali'ioaigi Feturi Elisaia (AM)	Samoa	SIDS
12	Mr. George Zedginidze	Georgia	Floating seat, developing countries
12	**Mr. Irfa Ampri (AM)**	Indonesia	Floating seat, developing countries
13	Ms. Claire Walsh	Australia	Australia/ New Zealand
13	Mr. Peter Kalas (AM)	Czech Republic	Australia/ New Zealand
14	Mr. Jacob Waslander	Netherlands	Denmark/ the Netherlands
14	Mr. Peder Lundquist	Denmark	Denmark/the Netherlands
15	Mr. Arnaud Buisse	France	France
15	Mr. Frederic Glanois (AM)	France	France
16	Ms. Ingrid-Gabriela Hoven	Germany	Germany
16	Mr. Norbert Gorissen (AM)	Germany	Germany
17	Mr. Shuichi Hosada	Japan	Japan
17	Mr. Tomonori Nakamura (AM)	Japan	Japan
18	Mr. Henrik Harboe	Norway	Norway/ Czech Republic
18	Mr. Georg Borsting (AM)	Norway	Norway/ Czech Republic
19	Mr. Adam Kirchknopf	Hungary	Poland/ Hungary
19	Mr. Marcin Korolec (AM)	Poland	Poland/ Hungary
20	Ms. Ludovia Soderini	Italy	Spain/ Italy
20	Ms. Aize Azqueta Quemada (AM)	Spain	Spain/ Italy
21	Mr. Stefan Schwager	Switzerland	Russia/ Switzerland
21	Mr. Alexey Kvasov (AM)	Russia	Russia/ Switzerland
22	Mr. Jan Cedergren	Sweden	Sweden/ Belgium
22	Mr. Jozef Buys (AM)	Belgium	Sweden/ Belgium
23	Ms. Andrea Ledward	United Kingdom	United Kingdom
23	Mr. Josceline Wheatley (AM)	United Kingdom	United Kingdom
24	Mr. Leonardo Martinez-Diaz	United States	United States
24	Mr. C. Alexander Severens (AM)	Unites States	United States

NOTE: Names of GCF Board Members in bold indicate a change in the arrangements during the three-year term of membership.

ANNEX II

Status of Pledges for GCF's Initial Resource Mobilization (IRM) as of 16 June 2015

Calculated on basis of reference exchange rates established for GCF's High-Level Pledging Conference (GCF/BM-2015/Inf.01)

(In millions)

Contributor	Pledges					Grant Equivalent[1]	
	Announced			Signed	Announced Pledge Per Capita	of Pledged Amount	of Signed Amount
	In Currency		USD eq.[2]	USD eq.[2]	USD eq.[2]	USD eq.[2]	USD eq.[2]
Australia	AUD	200.0	**186.9**	186.9	7.9	186.9	186.9
Austria[3]	USD	25.0	**25.0**	26.8	2.9	25.0	26.8
Belgium	EUR	51.6	**69.0**	54.3	6.2	69.0	54.3
Canada (Grant)[4]	CAD	168.0	**155.1**	-		155.1	-
Canada (Loan)	CAD	110.0	**101.6**	-	7.8	20.0	-
Canada (Cushion)	CAD	22.0	**20.3**	-		-	-
Chile	USD	0.3	**0.3**	0.3	0.0	0.3	0.3
Colombia	USD	6.0	**6.0**	-	0.1	6.0	-
Czech Republic	CZK	110.0	**5.3**	5.3	5.3	5.3	5.3
Denmark	DKK	400.0	**71.8**	71.8	12.8	71.8	71.8
Finland	EUR	80.0	**107.0**	-	19.8	107.0	-
France (Grant)	EUR	432.0	**577.9**	577.9		577.9	577.9
France (Loan)	EUR	285.0	**381.3**	-	16.0	105.1	-
France (Cushion)	EUR	57.0	**76.3**	-		-	-
Germany	EUR	750.0	**1,003.3**	1,003.3	12.1	1,003.3	1,003.3
Iceland	USD	0.2	**0.2**	0.2	0.5	0.2	0.2
Indonesia[5]	USD	0.3	**0.3**	0.3	0.0	0.3	0.3
Italy	EUR	250.0	**334.4**	-	5.5	334.4	-
Japan	JPY	154,028.7	**1,500.0**	1,500.0	11.8	1,500.0	1,500.0
Latvia	EUR	0.4	**0.5**	0.5	0.2	0.5	0.5
Liechtenstein	CHF	0.1	**0.1**	0.1	1.5	0.1	0.1
Luxembourg	EUR	5.0	**6.7**	6.7	13.4	6.7	6.7
Malta	EUR	0.1	**0.1**	0.1	0.2	0.1	0.1
Mexico	USD	10.0	**10.0**	-	0.1	10.0	-
Monaco	EUR	0.3	**0.3**	0.3	8.8	0.3	0.3
Mongolia	MNT	90.0	**0.0**	-	0.0	0.0	-
Netherlands	EUR	100.0	**133.8**	133.8	8.0	133.8	133.8
New Zealand	NZD	3.0	**2.6**	2.6	0.6	2.6	2.6
Norway	NOK	1,600.0	**257.9**	257.9	50.6	257.9	257.9
Panama	USD	1.0	**1.0**	0.5	0.3	1.0	0.5
Peru	USD	6.0	**6.0**	-	0.2	6.0	-
Poland	PLN	0.4	**0.1**	0.1	0.0	0.1	0.1
Republic of Korea[5]	USD	100.0	**100.0**	100.0	2.0	100.0	100.0
Spain	EUR	120.0	**160.5**	-	3.4	160.5	-
Sweden	SEK	4,000.0	**581.2**	581.2	60.5	581.2	581.2
Switzerland[6]	USD	100.0	**100.0**	30.0	12.2	100.0	30.0
United Kingdom (Capital)	GBP	576.0	**968.8**	968.8	19.1	968.8	968.8
United Kingdom (Grant)	GBP	144.0	**242.2**	242.2		242.2	242.2
United States of America	USD	3,000.0	**3,000.0**	-	9.3	3,000.0	-
	Total		10,193.6	5,751.6		9,739.3	5,751.6
EU Member States (Total)	USD		***4,745.1***	*3,672.6*		*4,392.7*	*3,672.6*

Notes:

[1] Grant equivalent is calculated based on the terms in Policies for Contributions.

[2] United States dollars equivalent (USD eq.), based on the reference exchanges rates established for GCF's High-Level Pledging Conference (GCF/BM-2015/Inf.01).

[3] The pledge from Austria was announced in USD but signed in EUR (20 million). The amount shown as signed is calculated in accordance with [2].

[4] Type of pledge is indicative. A portion of a grant may be provided as a loan and/or capital.

[5] Signed amount includes contributions made prior to GCF's High-Level Pledging Conference.

[6] Switzerland intends to sign the remainder of its USD 100 million pledge upon confirmation that GCF's effectiveness has been reached (i.e., when 50% of the USD 9.35 billion pledged by GCF's High-Level Pledging Conference has been signed).

Annex III

Initial investment framework: activity-specific sub-criteria and indicative assessment factors

The Accredited Entity will develop its funding proposal with due consideration of the investment criteria and the applicable and relevant activity-specific sub-criteria and indicative assessment factors. In the formulation of the proposal, the Accredited Entity is expected to respond to all six of the investment criteria but only the applicable and relevant sub-criteria and indicative assessment factors. Not all activity-specific sub-criteria and indicative assessment factors will be applicable or relevant for every proposal.

Table 1: Activity-specific sub-criteria and indicative assessment factors

Criterion	Definition	Coverage area	Activity-specific sub-criteria	Indicative assessment factors (including indicators)[1]
Impact potential	Potential of the programme/project to contribute to the achievement of the Fund's objectives and result areas	Mitigation impact	Contribution to the shift to low-emission sustainable development pathways	Expected tonnes of carbon dioxide equivalent (t CO_2 eq) to be reduced or avoided (PMF-M Core 1)[2] Degree to which activity avoids lock-in of long-lived, high-emission infrastructure Expected increase in the number of households with access to low-emission energy Degree to which the programme/project supports the scaling up of low-emission energy in the affected region by addressing key barriers Expected number of MW of low-emission energy capacity installed, generated and/or rehabilitated Expected increase in the number of small, medium and large low-emission power suppliers (PMF-M 6.0 and related indicator(s)), and installed effective capacity Expected decrease in energy intensity of buildings, cities, industries and appliances (PMF-M 7.0 and related indicator(s)) Expected increase in the use of low-carbon transport (PMF-M 8.0 and related indicator(s))

[1] Indicative assessment factors include both quantitative indicators and qualitative factors.

[2] PMF-M Core 1 refers to a linkage with the first core indicator in the mitigation performance measurement framework, as contained in document GCF/B.08/07. PMF-A 5.0 refers to a linkage with the indicator 5.0 in the adaptation performance measurement framework and so on.

Criterion	Definition	Coverage area	Activity-specific sub-criteria	Indicative assessment factors (including indicators)[1]
				Expected improvement in the management of land or forest areas contributing to emission reductions (PMF-M 9.0 and related indicator(s)) Expected improvement in waste management contributing to emission reductions (e.g. the change in the share of waste managed using low-carbon strategies and/or the change in the share of waste that is recovered through recycling and composting); and/or Other relevant indicative assessment factors, taking into account the Fund's objectives, priorities and result areas, as appropriate on a case-by-case basis
		Adaptation impact	Contribution to increased climate-resilient sustainable development	Expected total number of direct and indirect beneficiaries, (reduced vulnerability or increased resilience); number of beneficiaries relative to total population (PMF-A Core 1), particularly the most vulnerable groups Degree to which the activity avoids lock-in of long-lived, climate-vulnerable infrastructure Expected reduction in vulnerability by enhancing adaptive capacity and resilience for populations affected by the proposed activity, focusing particularly on the most vulnerable population groups and applying a gender-sensitive approach Expected strengthening of institutional and regulatory systems for climate-responsive planning and development (PMF-A 5.0 and related indicator(s)) Expected increase in generation and use of climate information in decision-making (PMF-A 6.0 and related indicator(s)) Expected strengthening of adaptive capacity and reduced exposure to climate risks (PMF-A 7.0 and related indicator(s)) Expected strengthening of awareness of climate threats and risk-reduction processes (PMF-A 8.0 and related indicator(s)); and/or

Criterion	Definition	Coverage area	Activity-specific sub-criteria	Indicative assessment factors (including indicators)[1]
				Other relevant indicative assessment factors, taking into account the Fund's objectives, priorities and result areas, as appropriate on a case-by-case basis
Paradigm shift potential	Degree to which the proposed activity can catalyse impact beyond a one-off project or programme investment	Potential for scaling up and replication, and its overall contribution to global low-carbon development pathways being consistent with a temperature increase of less than 2 degrees Celsius (mitigation only)	Innovation	Opportunities for targeting innovative solutions, new market segments, developing or adopting new technologies, business models, modal shifts and/or processes
			Level of contributions to global low-carbon development pathways, consistent with a temperature increase of less than 2 degrees Celsius	Expected contributions to global low-carbon development pathways consistent with a temperature increase of less than 2 degrees Celsius as demonstrated through:
			Potential for expanding the scale and impact of the proposed programme or project (scalability)	A theory of change for scaling up the scope and impact of the intended project/programme without equally increasing the total costs of implementation
			Potential for exporting key structural elements of the proposed programme or project elsewhere within the same sector as well as to other sectors, regions or countries (replicability)	A theory of change for replication of the proposed activities in the project/programme in other sectors, institutions, geographical areas or regions, communities or countries
		Potential for knowledge and learning	Contribution to the creation or strengthening of knowledge, collective learning processes, or institutions	Existence of a monitoring and evaluation plan and a plan for sharing lessons learned so that they can be incorporated within other projects
		Contribution to the creation of an enabling environment	Sustainability of outcomes and results beyond completion of the intervention	Arrangements that provide for long-term and financially sustainable continuation of relevant outcomes and key relevant activities derived from the project/programme beyond the completion of the intervention
			Market development and transformation	Extent to which the project/programme creates new markets and business activities at the local, national or international levels

Criterion	Definition	Coverage area	Activity-specific sub-criteria	Indicative assessment factors (including indicators)[1]
				Degree to which the activity will change incentives for market participants by reducing costs and risks, eliminating barriers to the deployment of low-carbon and climate-resilient solutions Degree to which the proposed activities help to overcome systematic barriers to low-carbon development to catalyse impact beyond the scope of the project or programme
		Contribution to the regulatory framework and policies	Potential for strengthened regulatory frameworks and policies to drive investment in low-emission technologies and activities, promote development of additional low-emission policies, and/or improve climate-responsive planning and development	Degree to which the project or programme advances the national/local regulatory or legal frameworks to systemically promote investment in low-emission or climate-resilient development Degree to which the activity shifts incentives in favour of low-carbon and/or climate-resilient development or promotes mainstreaming of climate change considerations into policies and regulatory frameworks and decision-making processes at national, regional and local levels, including private-sector decision-making
		Overall contribution to climate-resilient development pathways consistent with a country's climate change adaptation strategies and plans (adaptation only)	Potential for expanding the proposal's impact without equally increasing its cost base (scalability) Potential for exporting key structural elements of the proposal to other sectors, regions or countries (replicability)	Scaling up the scope and impact of the intended project/programme without equally increasing the total costs of implementation A theory of change for replication of the proposed activities in the project/programme in other sectors, institutions, geographical areas or regions, communities or countries Degree to which the programme or project reduces proposed risks of investment in technologies and strategies that promote climate resilience in developing countries
Sustainable development potential	Wider benefits and priorities	Environmental co-benefits	Expected positive environmental impacts, including in other result areas of the Fund, and/or in line with the priorities set at the national, local or sectoral level, as appropriate	Degree to which the project or programme promotes positive environmental externalities such as air quality, soil quality, conservation, biodiversity, etc.

Criterion	Definition	Coverage area	Activity-specific sub-criteria	Indicative assessment factors (including indicators)[1]
		Social co-benefits	Expected positive social and health impacts, including in other result areas of the Fund, and/or in line with the priorities set at the national, local or sectoral levels, as appropriate	Potential for externalities in the form of expected improvements, for women and men as relevant, in areas such as health and safety, access to education, improved regulation and/or cultural preservation
		Economic co-benefits	Expected positive economic impacts, including in other result areas of the Fund, and/or in line with the priorities set at the national, local or sectoral level, as appropriate	Potential for externalities in the form of expected improvements in areas such as expanded and enhanced job markets, job creation and poverty alleviation for women and men, increased and/or expanded involvement of local industries; increased collaboration between industry and academia; growth of private funds attracted; contribution to an increase in productivity and competitive capacity; improved sector income-generating capacity; contribution to an increase in energy security; change in water supply and agricultural productivity in targeted areas, etc.
		Gender-sensitive development impact	Potential for reduced gender inequalities in climate change impacts and/or equal participation by gender groups in contributing to expected outcomes	Explanation of how the project activities will address the needs of women and men in order to correct prevailing inequalities in climate change vulnerability and risks
Needs of the recipient	Vulnerability and financing needs of the beneficiary country and population	Vulnerability of the country (adaptation only)	Scale and intensity of exposure of people, and/or social or economic assets or capital, to risks derived from climate change	Intensity of exposure to climate risks and the degree of vulnerability, including exposure to slow onset events Size of population and/or social or economic assets or capital of the country exposed to climate change risks and impacts
		Vulnerable groups and gender aspects (adaptation only)	Comparably high vulnerability of the beneficiary groups	Proposed project/programme supports groups that are identified as particularly vulnerable in national climate or development strategies, with relevant sex disaggregation
		Economic and social development level of the country and the affected population	Level of social and economic development of the country and target population	Level of social and economic development (including income level) of the country and target population (e.g. minorities, disabled, elderly, children, female heads of households, indigenous peoples, etc.)

Criterion	Definition	Coverage area	Activity-specific sub-criteria	Indicative assessment factors (including indicators)[1]
		Absence of alternative sources of financing	Opportunities for the Fund to overcome specific barriers to financing	Explanation of the existing barriers that create absence of alternative sources of financing and how they will be addressed
		Need for strengthening institutions and implementation capacity	Opportunities to strengthen institutional and implementation capacity in relevant institutions in the context of the proposal	Potential of the proposed programme or project to strengthen institutional and implementation capacity
Country ownership	Beneficiary country ownership of, and capacity to implement, a funded project or programme (policies, climate strategies and institutions)	Existence of a national climate strategy	Objectives are in line with priorities in the country's national climate strategy	Programme or project contributes to country's priorities for low-emission and climate-resilient development as identified in national climate strategies or plans, such as nationally appropriate mitigation actions (NAMAs), national adaptation plans (NAPs) or equivalent, and demonstrates alignment with technology needs assessments (TNAs), as appropriate
		Coherence with existing policies	Proposed activity is designed in cognizance of other country policies	Degree to which the activity is supported by a country's enabling policy and institutional framework, or includes policy or institutional changes
		Capacity of accredited entities or executing entities to deliver	Experience and track record of the Accredited Entity or executing entities in key elements of the proposed activity	Proponent demonstrates a consistent track record and relevant experience and expertise in similar or relevant circumstances as described in the proposed project/programme (e.g. sector, type of intervention, technology, etc.)
		Engagement with civil society organizations and other relevant stakeholders	Stakeholder consultations and engagement	Proposal has been developed in consultation with civil society groups and other relevant stakeholders, with particular attention being paid to gender equality, and provides a specific mechanism for their future engagement in accordance with the Fund's environmental and social safeguards and stakeholder consultation guidelines. The proposal places decision-making responsibility with in-country institutions and uses domestic systems to ensure accountability
Efficiency and effectiveness	Economic and, if appropriate, financial soundness of the programme/project	Cost-effectiveness and efficiency regarding financial and non-financial aspects	Financial adequacy and appropriateness of concessionality	Proposed financial structure (funding amount, financial instrument, tenor and term) is adequate and reasonable in order to achieve the proposal's objectives, including addressing existing bottlenecks and/or barriers Demonstration that the proposed financial structure provides the least concessionality needed to make the proposal viable

Criterion	Definition	Coverage area	Activity-specific sub-criteria	Indicative assessment factors (including indicators)[1]
				Demonstration that the Fund's support for the programme/project will not crowd out private and other public investment
			Cost-effectiveness (mitigation only)	Estimated cost per t CO_2 eq (PMF-M Core 2) as defined as total investment cost/expected lifetime emission reductions, and relative to comparable opportunities
		Amount of co-financing	Potential to catalyse and/or leverage investment (mitigation only)	Expected volume of finance to be leveraged by the proposed project/programme and as a result of the Fund's financing, disaggregated by public and private sources (PMF-M Core 3) Co-financing ratio (total amount of co-financing divided by the Fund's investment in the project/programme) Potential to catalyse private- and public-sector investment, assessed in the context of performance on industry best practices Expected indirect/long-term low-emission investment mobilized as a result of the implementation of activity
		Programme/project financial viability and other financial indicators	Expected economic and financial internal rate of return	Economic and financial rate of return with and without the Fund's support (i.e. hurdle rate of return or other appropriate/relevant thresholds)
			Financial viability in the long run	Description of financial soundness in the long term (beyond the Fund's intervention)
		Industry best practices	Application of best practices and degree of innovation	Explanations of how best available technologies and/or best practices, including those of indigenous peoples and local communities, are considered and applied If applicable, the proposal specifies the innovations or modifications/adjustments made based on industry best practices

Annex IV

Recommendations on Proposed Key Decisions at the 9th GCF Board Meeting of Key Importance for Operationalizing a GCF Gender-Sensitive Approach

Submitted by the Heinrich Böll Stiftung North America[1]

In Bali at its 6th meeting, the GCF Board in Decision B.06/07 requested the Secretariat to prepare a draft gender policy and action plan. It also mandated the Secretariat to integrate gender considerations intro draft policy documents containing operational modalities on an ongoing basis.

While the consideration of a draft gender policy and action had to be delayed twice, some important decisions at both the 7th GCF Board meeting in Songdo as well at the 8th GCF Board meeting in Barbados considered and integrated gender. These included implicitly, in some annexes, the **decisions on accreditation** (decisions B.07/02 and B.08/02) and the **approval process** (decision B.07/03). Explicit references to gender or the gender policy directly in the decision texts were found for the **results management framework** (decisions B.07/04 and B.08/07) and the **investment framework** (B.07/06).

In Songdo for the 9th meeting, the Board is to consider and adopt the **GCF's gender policy and gender action plan** (GCF/B.08/19). It is also asked to adopt further development of the initial **investment framework with sub-criteria and methodology** (GCF/B.09/07); the terms of reference for a **pilot phase of additional modalities that enhance direct access** (GCF/B.09/05); **PSF working with local private sector entities, including SMEs** (GCF/B.09/12) as well as to consider the **expected role and impact of the GCF** (GCF/B.09/06). Board decisions on these issues are likewise of crucial importance for a gender mainstreaming approach in the GCF.

This commentary provides a brief gender analysis of several policy papers for Board consideration and decision and recommends gender-sensitive adjustments to the draft decisions texts and related annexes for the following policies:

- **GCF Gender Policy and Gender Action Plan (GCF/B.08/19)**
- **Additional Modalities that Further Enhance Direct Access: Terms of Reference for a Pilot Phase (GCF/B.09/05)**
- **Analysis of the Expected Role and Impact of the Green Climate Fund (GCF/B.09/06).**
- **Private Sector Facility: Working with Local Private Sector Entities, Including Small and Medium-Sized Enterprises (GCF/B.09/12)**

Gender Policy and Action Plan (Document GCF/B.09/10):

- Board document GCF/B.09/10 does not list the important linkages of a GCF gender policy and action plan with the **GCF expected role and impact** (GCF/B.09/06), the work on **further enhancing direct access** (GCFG/B.09/05) and the **PSF's role in working with local private sector entities, including SMEs** (GCF/B.09/12). These three analytic papers are **fundamental for the future success of the GCF in implementing a gender-sensitive approach**.
- Analytically, the document focuses more on the disproportionately higher adaptation needs of women and a link of gender issues with climate change in terms of "vulnerability," but less on women's "agency" to actively contribute to solving the climate crisis as consumers, community leaders, resource managers and entrepreneurs (see Box 1 for example).

  While the **draft Gender Policy (Annex II)** has been improved over earlier versions by adding references to women's contribution to address climate change (mitigation), it is not consistent. Specifically, in Annex II referring to the Fund's commitment under its gender policy (Section 4.1. in Annex II, Gender policy), para. 9(c) should read: *"Measure the outcomes and impacts of its activities on women's and men's resilience to and ability to address climate change."* **A performance measurement system that gives equal weight to**

[1] Contact in Songdo: Liane Schalatek (liane.schalatek@us.boell.org)

the gender dimension of mitigation and adaptation is required (and structurally already possible under Barbados decision B.08/07 with a proposed mitigation performance measurement framework with placeholders for gender-informed core sub-indicators and an aggregate sustainable development indicator).

- The anchoring of the proposed Gender Policy around the six fundamental principles of **commitment, inclusiveness, accountability, country ownership, competencies and equitable resource allocation** is useful; however some of the proposed principles are insufficiently elaborated and related action points under the **Gender Action Plan** (Annex III) are in need of improvement. These are particularly:
    - **<u>Accountability (Section 4.3, Policy) and Governance and Institutional structure (Section I, Action Plan):</u>** the policy has **no clear commitment to the implementation of the gender policy as a core responsibility of the Secretariat that cannot be outsourced** (either to intermediaries or consultants). While the appointment of a senior staff with competencies on gender and social development (Annex III, para.4) is an important first step, one person will not be able to ensure due diligence oversight on the integration of gender considerations into project proposals, including private sector project proposals, without corresponding expertise and staff support in other Secretariat divisions. Recruitment of future staff must focus on selecting applicants combining specific technical expertise, for example on private sector engagement or financial instruments with social and gender competence.

      Equally important is that the **Secretariat establishes a culture of internal accountability on gender-sensitivity**, for example through holding managers and staff accountable for their commitment to gender integration as part of their annual performance review. This is not reflected in the Gender Action Plan (Annex III).
    - **<u>Competencies (Policy) and Capacity-Building (Action Plan):</u>** the new senior staff member for gender and social development (for which a job description is already circulating and applications are being accepted) is only reporting to the "head of accreditation" under the country programming division. This is not giving the coordinator enough cloud within the Secretariat to seek proactive engagement with the divisions for adaptation, mitigation and the PSF. It also **puts the onus to implement the Fund's gender policy primarily on implementation partners (IEs, Intermediaries and executing entities), while not outlining steps to guaranteeing a corresponding building up and enshrining of gender competency in the Secretariat and the other GCF bodies (Board, advisory bodies, committees**). Commensurate with the role of gender coordination as a crosscutting core responsibility of the Secretariat with implications for the work of other Secretariat divisions, the gender and social development specialist should report directly to the Executive Director. S/He should also be supported by an **external advisory group of experts on gender and climate change.**

      While the Gender Action Plan (Annex III) under capacity-building does allow for gender training for the GCF Secretariat and the Board and for the recruitment of additional gender-competent staff, this is not reflected in the "illustrative indicators for the Gender Action Plan" in Annex IV (which is not formally part of the decision). It is not quite clear if this "illustrative Gender Action Plan" can be amended to be more ambitious and comprehensive. Specifically, it should be seen as **a "living document" to be updated at least yearly** in conjunction with the Board's annual work plan and ongoing engagement with stakeholders and outside experts.
    - **<u>Competencies (policy) and knowledge generation and communications (action plan):</u>** While the policy commits to knowledge generation to strengthen the gender competencies of all stakeholders, the commensurate section of the gender action plan is quite weak. It should for example suggest the creation of a web-based "knowledge exchange" for generating, collecting and distributing information on gender and climate change as a GCF institutional commitment in addition to the Secretariat's support for information exchange activities.

      Feedback from stakeholders on the gender policy implementation and improvements to the action plan should be understood as an **ongoing iterative engagement**. Instead, the illustrative indicators for the Gender Action Plan in Annex IV only list a "stock-taking report" after three years as the primary action, but not the continuous exchange in the form of **stakeholder participatory monitoring and learning engagement** that is needed here.

- **Resource allocation (policy) and budgeting (action plan):** The action plan under resource allocation contains the non-binding "may consider" recommendation that additional weight in the project approval process might be given to projects with well-designed gender elements (Annex III, para. 13). This provision should be strengthened. The action plan does not include a clear commitment to ensure through the project approval process that **the gender-relevant elements of a project are fully funded**, that the **Fund's administrative budget will include dedicated resources for the implementation of the gender policy** and that **gender will be included in the financial auditing of the Fund's activities**. These actions were part of the draft action plan submitted for Barbados (see document GCF/B.08/19, para. 27). They are crucial elements to ensure the Fund's accountability on implementing a gender-sensitive approach and should be restored in the gender action plan. Annex IV on "illustrative gender indicators" does not contain any indicators or action items related to resource allocation and budgeting. This needs to be remedied.

- **Review and Revisions (policy)** – review and revisions are focused mainly on the review of the gender policy (and implicitly stock-taking of the gender action plan) after 3 years. However, the gender policy and action plan do not contain the **mandate for an ongoing cross-checking and cross-referencing with the work-plans of the Board for 2015, 2016 and 2017 as well with other relevant operational policies and procedures to be developed or refined** during that time.

  To avoid the side-lining and isolation of the gender policy and the gender-action plan, the Board decision approving both should also re-iterate the mandate for the Secretariat to "continue to review key policy documents in other areas of the Fund's development and operational policies, as needed, in order to ensure that gender sensitivity is integrated in all the Fund's policies and activities" (para. 13, main paper). This would be building on the mandate of Board decision B.06/07 from Bali, which recognized that in addition to a gender action plan the continuous reflection on the gender-dimension of ongoing policy decisions, and its inclusion in relevant policy documents and decisions, is needed. This mandate should be added to the draft decision.

PROPOSED CHANGES TO THE DRAFT DECISION (Annex I) :

The Board, having considered document GCF/B.09/10 Gender Policy and Action Plan:

a) *Adopts the gender policy proposed in Annex II as revised;*

b) *Adopts the gender action plan contained in Annex III as revised; ~~and~~*

c) *Requests the Secretariat to take the necessary measures, including resource and budget allocations, to expedite the implementation of the policy and action plan; and*

d) *Requests the Secretariat to continue to integrate gender considerations into the preparation and review of key operational policy documents in order to ensure that gender-sensitivity is integrated in all the Fund's policies and activities.*

PROPOSED CHANGES TO THE GENDER POLICY (Annex II):

4.1. Commitment

[…]

9. The Fund thereby also commits to: […]

(c) Measure the outcomes and impacts of its activities on women and men's resilience to and ability to address climate change.

[…]

4.3. Accountability

11. The Fund accounts to its Board for gender and climate change results and outcomes and reports annually in a transparent manner […]. Within the Secretariat, all managers and staff are held accountable for gender integration results as part of their annual performance reviews. Gender integration results are also included in the Fund's annual report to the COP.

[…]

4.5. Competencies

17. The Fund strives to reach gender balance in all key advisory and decision-making bodies, including in the appointments of its Board members and Secretariat management and staff. The Secretariat will ~~appoint~~ increase the number of senior staff members with additional competencies in gender and social development; a senior gender coordinator reporting directly to the Executive Director will lead the implementation of the policy. […]

PROPOSED CHANGES TO THE GENDER ACTION PLAN (Annex III):

[…]

I. Governance and institutional structure

3. The overall implementation of the gender policy will be the responsibility of all components of the Fund's operational structure and the national designated authorities (NDAs) with the Secretariat taking the lead. The main operational responsibility for the implementation of the gender policy will be with the Secretariat providing oversight of, guidance to and working closely with the accredited entities, including implementing entities (IEs) and intermediaries.

4. […]. The Secretariat will take full responsibility ~~undertake its due diligence~~ for the implementation of the gender policy and strive to increase the gender and social development competencies of staff in all divisions of the Secretariat. It will provide due diligence for the compliance of GCF funding activities with the gender policy through the accreditation of IEs and intermediaries, and the project approval and performance measurement ~~monitoring~~ process. Furthermore, it will report to the Board at least annually on the progress made toward implementing the policy and action plan. A senior development and gender specialist reporting directly to the Executive Director will be appointed to coordinate with colleagues in all divisions of the Secretariat and have the operational responsibility to manage the implementation of the gender policy and action plan. S/he will be also supported by an external advisory group of experts on gender and climate change.

[…]

V. Resource allocation and budgeting

13. As the rationale for the Fund's gender policy is to generate greater and more sustainable gender-equitable climate change results, the project approval process ~~may~~ should consider giving additional weight to projects with well-designed gender elements.

New 14. The project approval process will also ensure that the projects' gender elements are fully funded. The Fund's administrative budget will include dedicated resources for the implementation of its gender policy. Gender-related expenditures will also be reported in the annual financial audits of the Fund's activities and the Fund's financial statements.

[…]

VI. Knowledge generation and communications

16. […] The Fund will support the establishment of a knowledge hub/exchange on gender and climate change finance and support and convene regular knowledge exchange activities on gender and climate change finance.

17. […] It will be important to communicate to the public not only how the Fund is implementing its gender policy and ensures the mainstreaming of gender considerations in all of the Fund's activities, but also to seek ~~periodic~~ feedback from stakeholders and partners through ongoing dialogue and engagement on the implementation of the policy, ~~and~~ on possible improvements in the action plan and on ongoing mainstreaming efforts.

Analysis of the Expected Role and Impact of the Green Climate Fund (Document GCF/B.09/06):

- The analysis of the expected role and impact of the GCF does not make any reference to the Fund's mandate to base its mitigation and adaptation action in a sustainable development context and utilize a gender-sensitive approach to its funding. It does not acknowledge the key rationale of the proposed GCF gender policy that ***"a gender-sensitive approach is […] part of the paradigm shift"*** (document GCF/B.09/10, Annex II, para. 5(a)). Thus, a thorough consideration of the gender dimension of the expect role and impact of the GCF is missing in the analysis. Instead, gender is subsumed as one of several possible co-benefits and remains largely unmentioned as a consideration for action, for example in gender-relevant areas such as land use and forestry, transportation, health and water interventions or with respect to a GCF approach to support private sector activities for micro-, small- and medium-sized enterprises (which have a disproportionate large share of women entrepreneurs).
- The findings and recommendations of the analysis (Annex II, Section V) are presented as if they were largely gender-neutral. Only in one of five identified potential investment priority areas for Board consideration and decision, namely "climate-smart agriculture" (without a definition of the concept in the analysis and an acknowledgement of its potentials dangers[2]) is there an explicit reference to the importance to include GCF actions with a focus on women by addressing the needs of smallholder women farmers.

  While it is encouraging that the analysis of the Fund's priority role for improving energy access in Asia and Africa does focus on energy provision for the poor by highlighting the role of cooking/cook stoves, the necessity of a gendered/women-empowerment approach to this mitigation strategy, including through the provision of financial services benefitting women, is not sufficiently recognized (a reference to the "poor" and "household" level is not enough). Likewise, a reference to the gender-dimension of GCF activities to enhance the resilience in SIDS; to increase financing for forest protection in Latin America, Asia and Africa; and support the climate-compatibility of cities is missing.

PROPOSED CHANGES TO THE DRAFT DECISION:

The Board, having considered document GCF/B.09/06 Analysis of the Expected Role and Impact of the Green Climate Fund,

[…]

b) <u>Acknowledges</u> the following identified potential investment priority areas, through which the Fund may be able to maximize its results and impact in the context of sustainable development and by taking a gender-sensitive approach: […]

(ii) Sustainable, climate ~~smart~~ proved agriculture in Africa and Asia; […]

(iv) Enhancing resilience in Small Island Developing States (SIDS), Least Developed Countries (LDCs) and Africa; and […]

[2] The FAO defines climate-smart agriculture as "agriculture that sustainably increases productivity, resilience (adaptation), reduces/removes greenhouse gases (mitigation), and enhances the achievement of national food security and development goals." Various aspects described as part of the proposed concept (soil-carbon focus and resulting land-grabbing, GMOs and agricultural intensification) can have negative effects on people and the environment, including disadvantaging women further.

Additional Modalities that Further Enhance Direct Access: Terms of Reference for a Pilot Phase (Document GCF/B.09/05)

- The Enhanced Direct Access modality through its devolution of decision-making and the opportunity to increase multi-stakeholder engagement at the country level is particularly well suited, as the Terms of Reference in Annex II correctly point out (Annex II, Sections II and IV), to support **small-scale activities with local actors that directly address the needs of and benefit of vulnerable people and communities and support MSMEs.** These are activities of particular importance to increase the resilience of women and their ability to address climate change challenges. It is therefore important that the **gender-sensitivity of proposals under the EDA pilot program is considered to be a critical criterion for their selection**. Likewise, the review of the pilot phase should particularly focus on how successfully the design and implementation of pilot proposals addressed gender considerations and draw lessons for changes as needed for a broader EDA approach in the GCF.
- The Board should recommend that **at least one of the proposed five pilot proposals focus on the set-up of a gender-responsive Small Grants Facility** for sub-national (especially municipal and communal) climate activities with a view to consider the upscaling and wide replication of such a program in other GCF recipient countries (see reference in Annex III to the existing example under the Adaptation Fund, as well as experience with the GEF/UNDP Small Grants Programme focusing on mitigation activities).
- Another pilot proposal to be included in the set of five pilot proposals should **focus on the gender-responsive provision of "green credit lines" of small-scale, highly concessional and patient loans for renewable energy access of households and MSMEs**, including through technical assistance and capacity building of local banks and loan institutions, which are of particular relevance for the equitable inclusion of women as stakeholders and beneficiaries in such a pilot phase. Support should prioritize the **involvement of cooperative banking institutions and credit unions** with a not-for-profit social commitment to the community in which they operate over commercial banking institutions whenever possible.

Private Sector Facility: Working with Local Private Entities, Including Small and Medium-Sized Enterprises (Document GCF/B.09/12)

- The suggested pilot program approach focusing on the involvement of local small and medium-sized private sector actors is encouraging. The engagement such smaller local private sector entities does have **the potential to become the main vehicle through which the PSF successfully operationalizes a gender-sensitive approach to its financing** in line with the mandate of the GI, para. 3 and prior decisions (decision GCF/B.04/08) that integrate the PSF fully under the GCF and its guiding principles and ask it to focus on the promotion of local SMEs and local financial intermediaries, especially also in SIDS, LDCs and African states.
- However, as currently drafted, the pilot program approach significantly undercuts such a potential, owing in large part to some conceptual approaches which will serve unfortunately to actively discriminate against women entrepreneurs in developing countries, who represent the majority of entrepreneurs engaged in smaller business activities both in the formal and informal sector (according to the IFC study from 2011[3]) and through their services and products provide the backbone for community livelihoods, resilience and societal transformation. Women entrepreneurs are also recognized as a catalyst for community change, as they are often investing back into family and for community benefits.
- The analytical paper outlining the proposed SME Pilot Programme **does not provide a definition of what entities falls under the category of SMEs** (different definitions exist, with some allowing for the inclusion

[3] International Finance Corporation (IFC) (2011). *Strengthening Access to Finance for Women-Owned SMEs in Developing Countries.* Report for the Global Partnership for Financial Inclusion/G20. Washington, DC.

of businesses up to 500 employees).[4] In contrast to an earlier elaboration of the proposed pilot program as an "MSME program" focused on micro-, small- and medium-sized enterprises (document GCF/B.08/14), the updated paper for the 9th Board meeting narrows the program to "SMEs", **dropping any reference to very small (micro) enterprises**. This makes a difference in terms of gender-sensitivity, since women entrepreneurs in developing countries more frequently operate in the micro and small scale categories, and it is they who bear the brunt of the identified US$ 2 trillion MSME financing gap (see para. 18, footnote 3).

- To make matters worse with respect to gender considerations, the draft program suggest an additional narrowing of the pool of targeted local private sector entities by suggesting a focus on those in need of "supply chain financing and term of trade financing", i.e. delivering products and services for exports and for value added (paras. 16 and 20). Such **a narrowed focus will clearly discriminate against women-operated MSMEs**, which are more often focused on product and service provision for local communities, crucial for community-focused adaptation and mitigation activities and to support a paradigm shift through catalytic re-investments in local communities.

- The paper does not recognize or acknowledge private sector entrepreneurial activities in the informal sector, despite some Board member recommendations to that effect during the Barbados meeting. The PSF would really bring about transformative change in developing countries if it would provide help in addressing the needs of local entrepreneurs also in the informal sector for climate-proofing and resilience building investment by including finance provision for the informal sector in any engagement with local-level financial intermediaries.

  To maximize its outreach and effectiveness and address scalability and the potential for transformational impact the proposed pilot program needs to **focus on both the formal and the informal sector**. It should address the issues of **accountability of the intermediary to the local community**; for that reason local financial service providers like credit union or cooperatives with a social investment goal, and not just nationally operating private financial actors such as investment and commercial banks, should be prioritized.

- The pilot program approach should serve to test various approaches for a significant upscaling so that the **financial support of MSMEs based on gender-responsive, participatory and needs-based processes becomes a substantial majority of the GCF resources allocated to the private sector**. The proposed pilot financing cap of US$ 50 million for a US$100 million pilot program is too high (allowing potentially only for the participation of two selected intermediaries) to consider a variety of diverse and innovative programs and should be lowered to US$20 in order to also guarantee some geographical balance. A program **on support to and the financial inclusion of the MSME informal sector should be part of the pilot approach.**

- Lastly, the suggested program (with examples showcased in Table 1) is inconsistent with the impact analysis paper, which had identified renewable energy access in Africa and Asia, including in particular for cooking, as one of the priority GCF focus investment areas. The list of possible application in suggested PSF support program for local businesses is conspicuously absent of this particular funding purpose (conversion of traditional biomass to renewable energy), which was still contained in the Barbados version (document GCF/B.08/14, para. 15). This needs to be reintroduced as an explicit focus for micro- and small-scale enterprises.

PROPOSED CHANGES TO THE DRAFT DECISION (Annex I):

The Board having reviewed document GCF/B.09/12 Private Sector Facility: Working with Local Private Entities, Including Small and Medium-Sized Enterprises:

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[4] An IFC-McKinsey study defined MSMEs as follows: micro (1-4 employees), very small (5-9 employees), small (10-49 employees), and medium enterprises (50 – 250 employees). In contrast, the World Bank uses a definition that allows for enterprises with up to 300 employees to be classified under SMEs; according to the OECD database on SME statistics, some countries such as Mexico define the sector as up to 500 employees.

a) *<u>Decides</u> to create a Micro, Small and Medium-Sized Enterprise Pilot Programme (MSME Pilot Programme) of US$ 100 million to provide financial support to micro, small and medium-sized enterprises (MSMEs),*

b) *<u>Decides</u> to apply a cap of US$ 20~~50~~ million in the MSME Pilot Programme per accredited entity;*

c) *<u>Requests</u> the Secretariat to issue a request for proposals (RFP) based on the terms of reference as revised detailed in Annex II to this document to seek proposals from interested entities with knowledge and experience in financing MSMEs and managing the associated risks;*

d) *<u>Requests</u> the Secretariat to report to the Board, at its eleventh meeting, on the progress of the MSME Pilot Programme RFP process, and submit for the Board's consideration and potential approval diverse and innovative ~~well-ranked~~ programmes as an outcome of the RFP.*

PROPOSED CHANGES TO THE DRAFT TERMS OF REFERENCE (Annex II):

<u>All references in the text to "SME/s" should be replaced with "MSME/s"</u>

In addition, the following additional textual changes should be incorporated:

[…}

II. ***Objective of the request for proposal***

5. The request for proposals (RFP) is designed to select ~~one or more~~ up to five accredited entities that will manage and implement the MSME Pilot Programme.

6. The proposals should: [..}

(d) Generate sustainable development co-benefits and use a gender-sensitive approach; and […]

(new f) Be demand-driven, and locally and culturally appropriate

[…]

III. Types of entities to be involved

[…]

(d) An ability to use concessional Fund resources by passing on GCF concessional funding terms to generate significant climate change mitigation and adaptation impact while ensuring environmental and social safeguards and the gender-sensitivity of finance provision;

[…]

IV. Types of investments to be targeted by applicants

New (a) Conversion from traditional biomass (wood fuel) for cooking, heating, lighting to renewable energy sources

[…]

VIII. Financial volume of the Micro, Small and Medium-Sized Enterprise Pilot Programme

[…]

20. No single applicant may seek to manage more than US$ ~~50~~ 20 million of the MSME Pilot Programme.

Annex V

June 30, 2015

Green Climate Fund Secretariat Songdo
International Business District Incheon,
Republic of Korea

Dear Ms. Héla Cheikhrouhou and the GCF Board Ethics and Audit Committee,

We are writing to you as organisations and individuals that are concerned about transparency at the Green Climate Fund (GCF) and, in particular, the process by which the current Interim Information Disclosure Practice will be replaced by a new Information Disclosure Policy, as requested by the Board at its 8-10 October 2013 meeting (Decision B.05/23).

Specifically, we have serious concerns that there may only be limited opportunities for public comment and consultation with external stakeholders before the draft policy is put to the Board. As far as we are aware, there is no plan to publicly release a draft of the policy for comment and subsequent revision in advance of the 11th Board meeting, when it is now due to be considered.

We believe that it is urgent to move forward with the process of developing a new Information Disclosure Policy, given its importance for the overall transparency and accountability of the GCF. However, the current practice of posting draft policies one to three weeks prior to Board meetings, with no formal public consultation, is not sufficient.

Our view is that there should be robust public consultations on the Information Disclosure Policy, as well as policies that have an important impact on the way that the GCF engages with external stakeholders or policies in which external stakeholders have a direct interest. Such policies include the Monitoring and Assessment Framework, the policies implementing the Independent Redress Mechanism, the Environmental and Social Management System (ESMS) and the Fund's own Environmental and Social Safeguards (ESS).

Formal public consultation processes have long been the norm at other international financial institutions (IFIs). For example, both the World Bank and the European Investment Bank engaged in extensive consultations when they last reviewed their disclosure policies, in 2009 and 2014-5 respectively. These processes are outlined briefly in the Annex. It has been longstanding practice at these and other IFIs to publish draft versions of all policies that are important to external stakeholders well in advance of their adoption to allow for meaningful public input.

We believe that the consultation process should include at least the following steps:

1. A public announcement that the policy review will be taking place, with an opportunity for interested stakeholders to provide advance comments to feed into the

initial preparation work by the Secretariat.

2. The publication of a draft policy (or revised policy, as the case may be) with a period of at least 30 days for interested stakeholders to make submissions.
3. The public posting of all submissions that have been received.
4. Publication of the revised draft policy well in advance of Board consideration, so that interested stakeholders have the opportunity to provide comments to the Board.
5. Publication, at the same time as the above, of a note indicating how the main initial comments by external stakeholders have or have not been taken into account in the revised policy.

We urge the GCF to respect basic norms of open and transparent governance, as well as the established practice at other IFIs, by engaging in a proper process of consultation around the adoption of its Information Disclosure Policy. This will ensure that the GCF respects international best practice standards as it strives to meet its organizational objectives. This should start as soon as possible with the publication of a draft Policy and an opportunity for external stakeholders to provide comments on that draft.

Specifically, we call on Members of the Board's Ethics and Audit Committee to mandate the GCF Secretariat, during the upcoming 10th Board meeting in Songdo, to initiate a formal public consultation process for the policy, as described above, prior to consideration by the Board at its 11th meeting.

Yours sincerely,

The undersigned organizations and individuals:

Organizations

1. Accountability Counsel
2. ActionAid, United States of America
3. Africa Freedom of Information Centre, Uganda
4. African Women's Network for Community Management of Forests (REFACOF)
5. Aksi! for Gender, Social and Ecological Justice, Indonesia
6. Aksyon Klima Pilipinas
7. All Nepal Peasant Federation (ANPFa)
8. All Nepal Women Association
9. Amigos del Viento
10. Asian Peoples Movement on Debt and Development (APMDD)
11. Asociación Ambiente y Sociedad, Colombia
12. Ateneo School of Government, Philippines
13. Bangladesh Krishok Federation
14. Bangladesh NGOs Network for Radio and Communication (BNNRC)
15. Beyond Beijing Committee (BBC)
16. Bianca Jagger Human Rights Foundation
17. Campaign for Freedom of Information, United Kingdom
18. Carbon Market Watch
19. CARE International - Poverty, Environment and Climate Change Network (PECCN)
20. Center for Education, Research and Development in the Upland Areas of Vietnam

(CERDA)
21. Center for Indigenous Peoples' Research and Development (CIPRED)
22. Center for International Environmental Law
23. Center for Socio-Economic Research and Development (CERDN), Nepal
24. Center of Indigenous Cultures of Peru (CHIRAPAQ)
25. Centre for Law and Democracy
26. Centre for Peace and Development Initiatives (CPDI), Pakistan
27. Centre pour l'Environnement et le Développement (CED)
28. Centro de Planificación y Estudio Social (CEPLAES)
29. Centro Mexicano de Derecho Ambiental (CEMDA)
30. Centro para la Autonomía y Desarrollo de los Pueblos Indígenas, Nicaragua (CADPI)
31. Chalimbana River Headwaters Conservation Trust, Zambia
32. Civic Concern Nepal (CCN)
33. Climate Justice Programme
34. Commonwealth Human Rights Initiative, India
35. Comunicacion y Educacion Ambiental SC
36. Confederación General de Trabajadores del Perú-a través de la Secretaría de Ecología y Medio Ambiente
37. Confederación Nacional de Trabajadores Dominicanos (CNTD)
38. Continental Network of Indigenous Women of the Americas (ECMIA)
39. Coordinadora de las Organizaciones Indígenas de la Cuenca Amazónica (COICA)
40. Ecological Society of the Philippines
41. Equidad de Género: Citizenship, Work and Family
42. Equity Bd Bangladesh
43. Federation of Community Forestry Users, Nepal (FECOFUN)
44. Forest Peoples Programme
45. Forests of the World
46. Foundation for GAIA, United Kingdom
47. Freedom from Debt Coalition (FDC), Philippines
48. Friends of the Earth, United States of America
49. Fundación Ambiente y Recursos Naturales (FARN)
50. Fundación Heinrich Boell, México
51. Fundación M`Biguá, Ciudadanía y Justicia Ambiental, Argentina
52. Fundación Terram, Chile
53. Germanwatch
54. Global Alliance for Incinerator Alternatives
55. Global Transparency Initiative
56. Green Environment Youth Korea (GEYK)
57. GTCR RDC
58. Heinrich Böll Stiftung North America
59. Indigenous Livelihoods Enhancement Partners (ILEPA)
60. Info House (Instutute for Privacy and Access to Public Information), Slovenia
61. Institute for Climate and Sustainable Cities
62. Institute for Policy Studies, Climate Policy Program
63. Interamerican Association for Environmental Defense (AIDA)
64. International Trade Union Confederation (ITUC)
65. International Work Group for Indigenous Affairs (IWGIA)
66. INTLawyers
67. Jagaran Nepal

68. Korea Federation for Environmental Movements
69. KRUHA Indonesia Peoples' Coalition for the Right to Water
70. Labour, Health and Human Rights Development Centre, Nigeria
71. LDC Watch
72. Maleya Foundation, Bangladesh
73. Migrant Forum in Asia (MFA)
74. National Federation of Youth NGO (NFYFN), Nepal
75. Nepal Federation of Indigenous Nationalities (NEFIN)
76. NGO Coalition for Environment, Nigeria
77. Open Democracy Advice Centre (ODAC), South Africa
78. Oxfam America
79. Pakistan Fisherfolk Forum
80. Pan African Climate Justice Alliance
81. Philippine Movement for Climate Justice (PMCJ), Philippines
82. Planetary Association for Clean Energy, Canada
83. Pro Natura – Friends of the Earth, Switzerland
84. Rainforest Foundation Norway
85. Rural Reconstruction Nepal (RRN)
86. SANLAKAS, Philippines
87. Sawit Watch, Indonesia
88. Sierra Club
89. Solidaritas Perempuan (SP), Indonesia
90. SONIA for a Just New World, Italy
91. South Asian Alliance for Poverty Eradication (SAAPE)
92. Tebtebba (Indigenous Peoples' International Centre for Policy Research and Education)
93. The Access Initiative, United States of America
94. Third World Network
95. Tifa Foundation/OSF, Indonesia
96. Transparency International
97. Transparency International, Korea Chapter
98. VOICE
99. Women in Europe for a Common Future
100. Women Welfare Society(WWS)
101. Women's Environment and Development Organization (WEDO)
102. World Wildlife Fund, International
103. World Wildlife Fund, United States of America
104. Youth Association for Development (YAD), Pakistan
105. Youth Federation Nepal (YFN)
106. Zero Waste Europe

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4. Dr. R. Mario Caffera
5. Dwight E. Hines, USA
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