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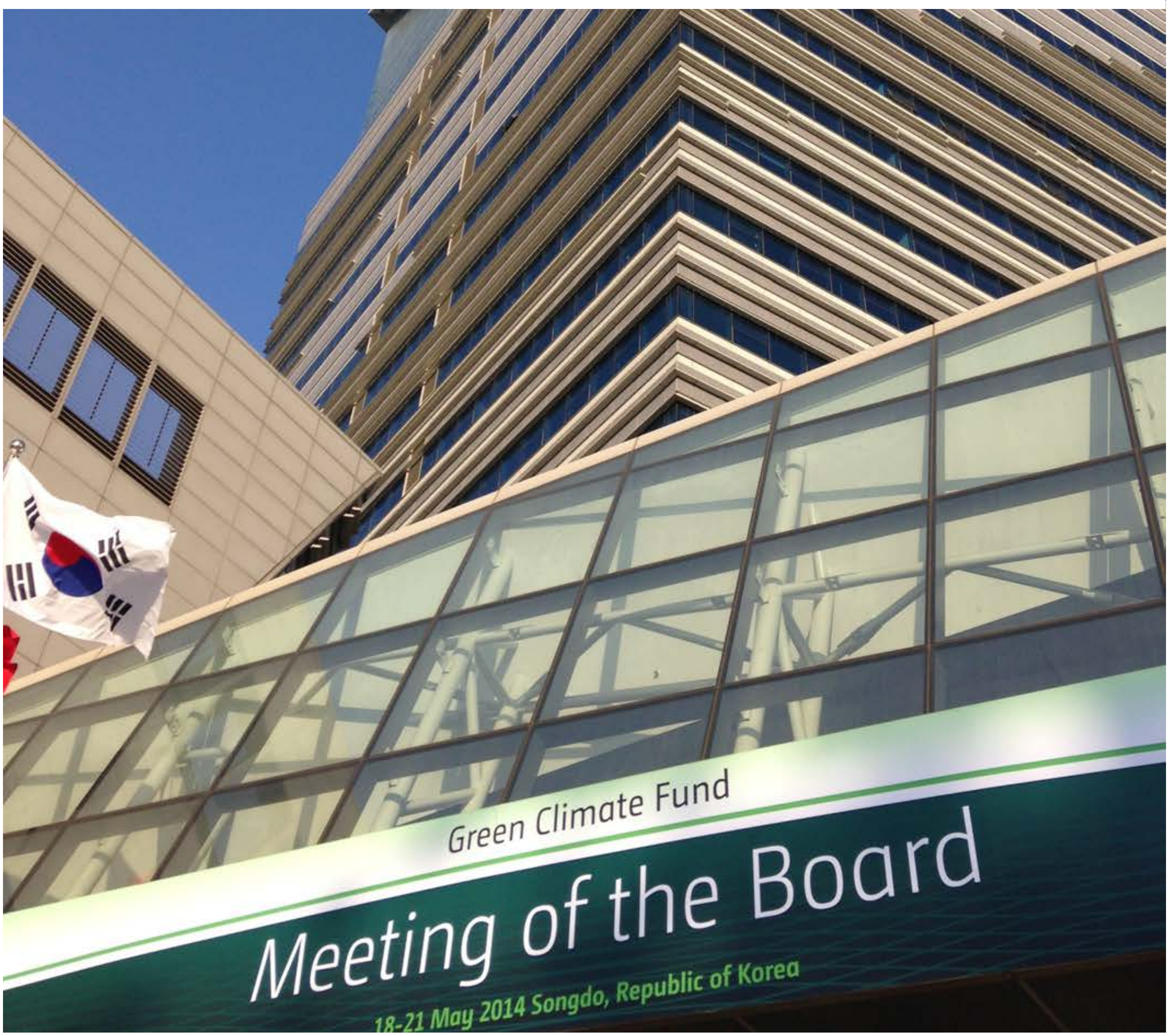
The 7th Board Meeting of the Green Climate Fund delivers key policies meant to signal that the Fund is ready for business in 2015

by Liane Schalatek



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The 7th Board Meeting of the Green Climate Fund delivers key policies meant to signal that the Fund is ready for business in 2015

The 7th meeting of the Board of the Green Climate Fund (GCF) in Songdo from May 18 – May 21, 2014 could easily be labeled the most crucial Board meeting in the short history of the GCF. With the need to make decisions on six of the eight operational policies still outstanding that the Board at its fifth meeting in Paris had degreed "essential requirements" to even start initial efforts for mobilizing resources for the Fund, it was indeed a make-or-break meeting. The pressure on the 24 Board members, including their Co-Chairs, German Board member Manfred Konukiewitz and the Philippine's Jose Ma. Clemente Sarte Salceda, to deliver at this meeting after a sub-optimal 6th Board meeting with few decisions and much discontent in Bali in February was palpable. But deliver they did. Initial resource mobilization for the GCF officially started with a first contributor meeting in Oslo at the beginning of July. It is now conceivable that some first pledges could be made in time for the UN Secretary General's extraordinary climate summit in New York on September 23rd. Germany on July 14th took the initiative by committing € 750 million to the Fund.

This feat – by many considered unlikely if not impossible going into the Songdo meeting – was accomplished by a deliberate concentration on only the bare minimum necessary to allow the Board to certify by consensus that those six outstanding modalities were sufficiently elaborated for initial GCF operations to begin, and, above all, by the radical clearing of the meeting's agenda of anything that could cause delay or detract from the challenging task at hand. The long list of postponed agenda items, which while not labeled as key requirements for resource mobilization are nevertheless essential for the full operationalization of the Fund, included still contentious items around country ownership such as enhanced direct access to GCF funding and a no-objection procedure for private sector investment proposals. Readiness and preparatory support; options for a Fund-wide gender-sensitive approach; more deliberations on adaptation focus areas and indicators; or the terms and conditions for GCF loans and grants – all of in line with former Board decisions should have been addressed in Songdo – were likewise pushed to a future GCF Board meeting.

There is still a tremendous amount of work to be done by the Co-Chairs, the Board and the Secretariat under Executive Director Hela Cheikhrouhou before the Fund is fully open for business in 2015. A significant part of this stems from the need to clarify and elaborate some of the "bare(ly there) essentials" decided in Songdo. The mandates for further work from the recent GCF Board meeting, as well as postponed decisions and time-bound items on the Board's workplan for 2014 could result in as many as 37 separate policy papers for consideration and decisions by the GCF Board at its next three-day Board meeting from October 15 – 17 in Barbados. The Co-Chairs, in consultation with the Board and the Secretariat, will therefore have to carefully set priorities for the next Board meeting, which will also be their last in this capacity. Their intention will be to ensure that the collective message that the GCF Board then sends to the climate summit in Lima, Peru in early December (COP 21) is that the GCF is ready to be the linchpin for a global climate agreement in 2015.

In contrast to prior Board meetings, the agenda did not include any informal Board discussions. Nevertheless, the Songdo meeting agenda provided some surprises and firsts.[1] For one, a provisional agenda released end of April and accompanied by a cover note from the Co-Chairs indicated that the Board would devote a four full days instead of the traditional three days of official meeting time to focusing solely on the six outstanding modalities and policies considered to be part of the package of eight essential requirements for the Fund to receive, manage, program and disburse funding and to start its initial resource mobilization process. Although according to the workplan of the Board for 2014 and previous Board decisions another eleven agenda items would have to be considered at the GCF's 7th Board meeting,[2] the provisional agenda and the Co-Chairs cover note recommended this sharply focused approach. In doing so, the Co-Chairs hoped to build on the momentum of constructive and frank dialogue among Board members (see Annex I) that characterized an informal day long exchange that the Korean alternate Board member had initiated on the side lines of the IMF/Word Bank Spring Meetings in Washington, DC on April 14th on those six outstanding policy decisions. The provisional agenda also proposed that the Board would spent a substantial part of its meeting time in small group deliberations and discussions with the hope that any agreement and consensus reached in the smaller Board groups could carry the support of the full Board and thus, "[w]ith the necessary engagement" achieve the six outstanding decisions. "The Fund can then say that its doors are truly open for business," so the argumentation of the Co-Chairs.[3]

During the first day of the Songdo Board meeting, four small groups were formed on the investment framework, the results management framework, the accreditation framework and the proposal approval process. While the Board ended up spending less time in small groups then originally proposed, it was in the small Board groups – which were all opened up to any interested Board member, alternate or advisor, and all allowed also for the participation, and in some cases for the input of observers – that consensus was sought and tolerable solutions were hammered out. The Board Co-Chair managed the process, which saw Board members deliberations on some days only close at midnight, but did not get actively involved in any of the groups. In another first, the Southern Co-Chair, Jose Ma. Clemente Sarte Salceda, who had urgent commitments at the request of the Philippine President at home on day one and two of the Board meeting, was temporarily but ably replaced by the Saudi Arabian Board member Ayman Shasly.

In reacting to the request of the Co-Chairs for approval of the provisional agenda, several Board members requested clarifications and assurances.[*] The Board member from Egypt was concerned about a suggestion in the provisional agenda that some of the postponed agenda items could be handled by decisions in-between Board meetings, noting that the Board has not yet developed or agreed on guidelines for the cases in which such decisions would be taken. He also reminded his colleagues that the Board will have to elect new co-chairs at the end of the next meeting and will have to start the selection process for a permanent Fund Trustee no later than at the 8th Board meeting. The Board member from South Africa voiced his concern that the essential requirements as agreed to in Paris might not be captured by the proposed way forward and suggested to think carefully about how to ensure that other key policy requirements, including the establishment of an appointment committee for the selection of the heads of GCF accountability units, the no-objection-procedure and a proper pathway for the operationalization of a Fund-wide gender-sensitive approach can be secured. The proposed working arrangement in small groups worried the Board member from Zambia who felt that more time in the plenary was needed and that Board members and observers alike would want to be assured of the transparency of the small group proceedings with the opportunity for input and participation. Lastly, the alternate member from the Netherlands reminded her colleagues that there were outstanding issues with the administrative policies of the Fund that needed to be taken up at this meeting. In the end, the Board approved the provisional agenda with revisions by adding deliberations on outstanding issues as well as agenda items on Board representation and the Fund administrative policy to the Songdo work list.

The Board then adopted the meeting report of the 6th GCF Board meeting, subject to some minor factual changes requested by the Board members from South African and Brazil. For the active observers, the Southern active civil society observer pointed out that they had not received a copy and therefore had been unable to check whether the meeting report reflected their interventions correctly. Following approval with minor changes, the meeting report was made available on the GCF webpage.[4]

[*] 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 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 at 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 (in mid-July 2014) the summary of decisions taken by the Board in Songdo has been posted on the GCF website at www.gcfund.org, while a recording of the Songdo Board procedures was not (yet) available.

Activity Reports of the Co-Chairs and the Secretariat

Both the Secretariat and the Co-Chairs presented their respective activity reports to the Board. The verbal activity report of the Co-Chairs, which highlighted for example that the Co-Chairs had been in correspondence with the Adaptation Committee and the Technology Committee of the UNFCCC about their future cooperation with the GCF, drew no Board member comments. However, the longer and more detailed written activity report of the Secretariat[5] solicited numerous Board member interventions. They centered in particular on the process of preparing Board documents and their timely release to Board members before the Songdo meeting, the process of approaching countries to invite them to designate their National Designated Authority (NDA), as well as on the role of the Co-Chairs in interacting with the Secretariat in the preparation of Board papers. Additionally, the involvement of the Co-Chairs in process of hiring staff for the Secretariat was taken up.

One point of Board members' concern was the tardy release of the final Board papers for the Songdo meeting just days before the meeting in disregard of the rules of procedure that specify a minimum a release a minimum of 21 days prior to the Board's discussion with the Board member from Egypt complaining that this makes sufficient preparation impossible. The clarification by the Secretariat's Executive Director Hela Cheikhrouhou that early drafts of Board papers are submitted to and vetted by the Co-Chairs, who are clearing it with their respective developed and developing countries constituencies and that thus an "end-date for publishing is difficult to control", solicited some concern by the Board members from Egypt and Saudi Arabia. They worried that draft decisions might be "cleared" with Co-Chairs, that papers vetted in this way might be "mono-chromatic" with too narrow a view and could pre-empt the input of the entire Board and urged that Co-Chairs' engagement with the papers should be focused on staying abreast of the process, not prejudging their content. In this context, the Board member from Egypt repeated his suggestion that Board papers should be developed on the basis of specific terms of reference under the sole authority of the Secretariat and without draft decisions. In written clarifications requested by the Board members and provided at the end of the meeting by the Secretariat, the Secretariat's note confirms a "consultative process" with a shared responsibility for the papers' content and quality between the Co-Chairs and the Secretariat, often resulting in several rounds of comments and revisions. The note concludes: "The process as it stands means that there is no longer a clear separation of responsibilities between the Secretariat (which should be fully responsible for the content and quality of the documents that it submits to the Board) and the Board (which should make independent decisions on the basis of the documents submitted to them)."[6]

Likewise, the African Board members sought some clarification on the recruitment process of Secretariat staff positions and expressed the need for such a process to be fair, transparent, independent and without approach. Some 20 key positions were published and the top candidates from among the 530 applications received identified and vetted through the involvement of an executive search firm. The African Board members were worried that potential candidates for the six top positions (for four division chairs, the Chief Financial Officer, CFO, and the legal counsel) might have been rejected through the interference of the Co-Chairs, who had commented on the initial job descriptions, were informed about the recruitment process and provided a list of the top candidates. The Board member from South Africa reiterated the view of his African colleagues that the Co-Chairs should not be engaged in any form in the selection process of Secretariat candidates and that this should be entirely the prerogative of the ED. A written note shared with Board members on the recruitment process confirmed indeed an involvement of the Co-Chairs in the recruitment process of senior positions at their request, concluding that the "exceptional involvement of the Co-Chairs in the selection process should not be seen as establishing a precedent and is without prejudice for any future staff selection process."[7]

Lastly, the two Board members from Switzerland and Egypt demanded more details on the Secretariat's efforts in reaching out to countries to invite them to submit their designation for NDA or focal point, asking specifically who within developing country governments was contacted and what the response has been up to know. The Secretariat clarified that they had contacted 120 countries with letters sent to the Ministry of Finance with a copy to the country's UNFCCC focal point and the environment ministry following guidance by the Co-Chairs who had seen and approved the letter. By mid-July, 33 countries had responded and designated an NDA or focal point, the majority choosing a representative from an environment, agriculture or national planning department to be their country's main liaison with the GCF.[8]

Reports from Committees, Panels and Groups

The Board then heard progress reports from the various Board committees and panels, including the Investment Committee, the Risk Management Committee, the Ethics and Audit Committee, the Private Sector Advisory Group (PSAG), the work group on accreditation and the Board's small group on country ownership. The updates from the Board's Investment and Risk Management Committees and the Board Team on Accreditation are addressed in the context of the relevant operational modalities and policies in sections further below

Private Sector Advisory Group (PSAG)

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. 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 Bali meeting then confirmed the selection of the eight private sector and two civil society international experts for an initial term of 18 months.[9] 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 funding 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).

Reporting back as Chairman of the PSAG, the Board member from Switzerland described several meetings of the PSAG, including a two-day in-person workshop in Geneva on April 14-15 which resulted in the elaboration of a set of 14 high-level recommendations. PSAG members agreed that it would be valuable to have interaction with the full GCF Board, for example on the side lines of the next Board meeting.

In Songdo, the Board took only note of the report of the activities of the PSAG up to now, including its draft work plan, which in light of the Songdo decisions is to be updated until October 2015, and its key set of recommendations annexed to the report.[10] These recommendations include some general points on private sector engagement with the GCF, urging the Board for example to allow flexibility with respect to modalities and financial instruments and the approval process and resist one-size-fits-all approaches in line with a risk-taking approach by the Fund. The PSAG experts challenged the GCF Board not to aim to be a "AAA-rated" financial institution but to be able to support projects with a higher risk of failure and thus focus its interaction with the private sector on de-risking approaches. The group warned against "slow and inefficient procedures" that could prevent the private sector from engaging and ultimately urged to provide direct access to private sector actors without going through implementing entities or intermediaries. Where intermediaries are used, the PSAG experts want to see the GCF use its power to affect behavioral change at the intermediary level, for example by considering the possibility of sectoral allocation. With respect to the proposal approval process, the PSAG stressed that the no-objection should not become a time hindrance and suggested a fast-track registry process for projects in countries with national climate change plans for "positive list" technologies such as solar or energy efficiency. Lastly, the PSAG urged the Board to ensure that the PSF is "both sustainable and sizeable."

Audit and Ethics Committee

The Ethics and Audit Committee was formed at the 5th GCF Board meeting in Paris primarily to oversee the development and implementation of a draft Board policy on transparency, ethics and conflict of interest, the Fund's comprehensive information disclosure policy and provide recommendations for the establishment of the GCF Independent Integrity Unit and its Independent Redress Mechanism. Reporting back for the committee of six (with members and alternates from Egypt, Spain, USA, Saudi Arabia, South Korea and chaired by Poland), the alternate Board member from South Korea as vice chair informed his colleagues that his committee has prepared a draft code of conduct for the Board to be discussed after the Songdo meeting and that it will present audit and accounting standards for the Board's consideration at the 8th Board meeting in Barbados in October.

Small Group on Country Ownership

At the 6th Board meeting in Bali, the GCF Board had appointed Board members from Egypt, Switzerland, India and the alternate Board member from the USA to form a small group on country ownership (Decision B.06/10) in order to try to address some of the outstanding contentious issues and propose solutions for the full Board to consider, for example on the no-objection procedure. Reporting back for the small group in Songdo, the Board member from Egypt informed his colleagues that there have been efforts to advance the draft decision from the Bali discourse, for which there was no Board consensus, by narrowing the gaps between differing versions of a no-objection procedure on whether a time-lapse based approval or an active letter of endorsement would be required for project and program proposals to be considered in line with country priorities and able to go forward. Apparently, one of the options being explored is whether it might be acceptable to extend the framework of a suggested lapse-of-time process at the request of the recipient country beyond the narrow timeframe of three weeks, which was proposed in Bali and considered insufficient; another is to give some flexibility to the recipient country to indicate if it would be comfortable with a time-lapse approval or insist on an active no-objection endorsement letter. The issue will most certainly be on the agenda of the Barbados Board meeting.

Initial Guiding Framework for the Fund's Accreditation Progress, including Fiduciary Principles and Standards and Environmental and Social Safeguards

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 then decided that a guiding framework and procedures for the accreditation process of the Fund should be developed that would elaborate the Fund's own environmental and social safeguards and fiduciary principles and standards; set the criteria and application procedures for entities accredited to channel and implement Fund resources; look at possible governance approaches to execute the framework (for example the formation of an Accreditation Panel with independent technical advisory function to conduct the accreditation); and draw lessons for this from an assessment of a long list of institutions already working with other funds. 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.

The work on the guiding framework was to be overseen by a Board team with members from France, Sweden, Barbados and Zambia and 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, one of the agenda items originally scheduled for Songdo, but then post-poned and most likely on the agenda for the 8th GCF Board meeting mid-October in Barbados. Since Spring, the Board team has been aided since by four senior international experts on accreditation confirmed by the Board.[11] It is currently not clear if the experts' term is completed with the development and decision on a guiding framework in Songdo, or if the four experts will continue as part of a new six-member Accreditation Panel with independent technical advisory function, which will be in charge of conducting the accreditation process. Such a panel was established with the Board's decision on the guiding framework for accreditation in Songdo.

In Bali, Board members voiced largely agreement with the way forward on the accreditation framework presented to them in a progress report.[12] However, a number of developed country Board members then felt that relying on a minimum level of accreditation requirements for environmental and social safeguards based on principles drawing from both Adaptation Fund and IFC experiences was not enough. They asked instead to apply the full set of IFC performance standards, despite fears from developing country Board members expressed in Bali that this could impose an "impossible conditionality for poorer countries". At Bali, several Board members also supported the idea of a dynamic accreditation with differentiation by accredited entity and/or activity and function (such as grant implementation only versus more complicated financial structuring) in a "fit-for-purpose" approach, with more details and higher requirements for higher risk or more complex projects and activities, and asked for more stringent and detailed basic and specialized fiduciary standards.

The use of the IFC performance standards is seen with some concern by international civil society observers engaged in the Fund, for whom the issue of GCF safeguards is the key to protecting the rights and needs of the poorest communities and population groups that they represent and work with. Many reject the argument that the IFC performance standards provide international best practice, and see them as "aspirational" only and with serious implementation deficits as for example highlighted in independent auditing by the IFC Compliance Advisor Ombudsman (CAO) of IFC interaction with its financial intermediaries.[13] A letter sent to the Board members by more than 140 Southern civil society groups and networks and endorsed by more than 60 Northern groups and networks last October expressed those concerns and urged the development of robust environmental and social safeguard policies based on a do-no-harm approach and in compliance with international law.[14]

In Songdo, the Board was to consider a revised document and new draft decision on a guiding framework for accreditation for the GCF.[15] Reporting back on the work of the Board team on accreditation since Bali, the Swedish Chair highlighted some of the key features of the proposed approach, including using the IFC Performance Standards as the starting point for developing the GCF's own safeguards in a risk-based and tiered accreditation approach for the Fund's Environmental and Social Safeguards Management System (ESMS); a differentiation between basic and specialized fiduciary standards for accrediting implementing entities (IEs) and intermediaries and clarification which type of entity needs what; the establishment and a time-line for a fast-track option for accrediting entities already accredited elsewhere; the integration of a gender perspective; a focus on readiness and preparatory support; and the proposal to set up a technical accreditation panel. The guiding framework for the Fund's accreditation process comprises as elements general objectives and guiding principles; the Fund's initial fiduciary standards and principles; the Fund's interim environmental and social safeguards (ESS); governance and organization arrangements; the accreditation process itself; complementarity and coherence; and a time-frame for the review of the guiding framework.

The Songdo document proposed a set of **guiding principles** for the Fund's accreditation process, including ensuring that a) the Fund's standards and safeguards are "consistently in line with international best practices and standards" and thus continuously updated; b) accountability, transparency, fairness and professionalism is ensured in the accreditation process and across all operational procedures; c) a dynamic process ensures reliability and credibility while retaining flexibility, thereby striking a balance between robustness and institutional capacity; d) coherence and integration with other relevant provisions of the Fund – such as the independent redress mechanism, its future gender policy or its interim disclosure policy – are ensured; and e) readiness and effectiveness are supported, including through the Fund's readiness and preparatory support measures in the context of direct access to enhance country owernship.

It then elaborated in an eleven-page annex a very **detailed set of fiduciary standards**, differentiating between basic fiduciary standards that are to apply to all entities seeking accreditation with the Fund and specialized fiduciary standards that will apply to a subset of entities, specifically intermediaries involved in financial structuring including through blending, on-lending and financial engineering of GCF resources and passing them on to executing entities. These were drawn out based on international practices at the GEF, the Adaptation Fund and the European Union Development Cooperation (EU DEVCO). The basic fiduciary standards focus predominantly on key administrative and financial capabilities (such as financial management and accounting, auditing and procurement), and key determinants of transparency and accountability (such as the existence of a code of ethics, an investigation function or disclosure of conflicts of interests). Specialized fiduciary standards require additional capabilities to run grant award and/or funding allocation mechanisms (for example transparent allocation of financial resources and public access to information on beneficiaries and results) and the capability for on-lending and blending (such as financial resource management, investment and portfolio management and financial risk management such as asset liability management policies and functions). The treatment of project management capabilities fluctuated over the course of two Board meetings between being classified as as basic and/or specialized fiduciary criteria. In Bali, project management capability had been listed as a specialized fiduciary criterion; in the revised version in Songdo presented to the Board, it was then listed as basic fiduciary criterion, thus setting the bar for accreditation higher. Ultimately, following the small group discussion in Songdo and in the adopted decision it was classified again as a specialized fiduciary criterion, thus responding to the concerns of developing country Board member that had feared that this might impose an undue burden on some national entities seeking GCF accreditation.

The document proposed as **initial environmental and social safeguards for the GCF** a 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[16], until the Fund's own ESS are fully developed. The paper was unclear on when this could be the case, but hinted that it could be based on experiences of the Fund with its own projects, thus medium- to long-term. 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).

The Songdo document laid out that at the program/project-level GCF environmental and social safeguards will be applied on a **scaled risk-based approach** which will categorize funding proposals 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 and poses a potential conflict of interest) as either Category A, B or C, with A describing activities with potential significant adverse environmental and/or social risk that could be irreversible, while C would represent activities with minimal or no adverse social and/or environmental risks and impacts. The scaled risk-based approach would 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)

The document proposed that the Fund's **accreditation process** would be conducted in three stages, with applications accepted and reviewed on a rolling basis; however, applicants will most likely have to pay an accreditation fee based on the principle of cost-recovery, for which a fee policy still has to be developed. Accreditation once granted will also be reviewed after five years, and the Board in the future will develop a policy covering suspension and cancelation of accreditation. 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. A proposed Accreditation Panel will examine the robustness of the applicant's own 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, which for example could mean that an entity would only be allowed to do certain activities or work in specific sectors (as for example not every entity will be involved in high-risk, high-cost energy infrastructure projects). A key question there for the Board to answer is what the minimum requirements for such a tiered approach would be. Stage III then includes the final validation and formal arrangement with the applicant entity and the Fund.

Following the principle of **complementarity and coherence** mandated for the GCF's engagement with existing funds under the Governing Instrument's paras. 33 and 34, the Songdo document proposes to develop appropriate modalities for a fast-tracked accreditation process for entities already accredited under existing funds such as the GEF, the Adaptation Fund or the MDBs under the CIFs. Lastly, the report considered the Fund's accreditation framework to be an evolving process striving for continuous improvement and alignment "with international good practices" (although the document does not propose that the GCF will follow or even set new international best practices) with a formal review process likely.

In reacting to the Songdo Board document for the Fund's accreditation framework and the Board Team's presentation, a majority of Board members offered some comments, asked for clarifications or suggested some changes and improvements. From developing country side, the Board members from China, Barbados, Egypt, the DRC and Brazil urged to prioritize in the accreditation framework national implementing entities (NIEs) and direct access, including by looking at a funding floor for activities implemented by national and subnational entities and through strong capacity-building support. They expressed some frustration with what some of them considered a "down-played" consideration of NIEs in the proposed approach. The Egyptian Board member stated his hope that a tiered accreditation approach would not only apply to themes and sectors, but also differentiate between multilateral implementing entities (MIEs) and NIEs with sub-national and national entities given more flexibility. Speaking on behalf of small island developing states (SIDS), the Board member from Barbados criticized that proposed safeguards and standards will be too hard for SIDS and present an obstacle for their direct access. The Board member from the DRC likewise felt that the suggested IFC performance standards and the demand for the entity seeking accreditation to have its own ESS management system in place were too onerous and that instead a principles-based safeguards assessment would be more appropriate. The Board member from Georgia warned that utilizing the IFC PS would not allow for flexibility in the accreditation process, which the Board member from South Africa emphasized was a key concern as the GCF's accreditation approach should be to accredit for the task at hand with the GCF likely dealing with a multitude of institutions as implementers all doing vastly different things. From developed country side, several Board members (including from the United States, Australia, Switzerland, Hungary and Japan) praised the use of the IFC PS as a "really solid basis". The American Board representative stated that flexibility in accrediting could not mean a watering down in standards, while the Australian and Japanese Board members acknowledged the need for some differentiated accreditation, although all asked for more clarity about how that would be operationalized. Across the Board, members from Egypt, Brazil, the Dominican Republic, Germany and Hungary supported a rather quick move to the Fund's own ESS by setting a clear time-limit and work plan for terminating the interim arrangements, including by focusing the Fund's own ESS on the specificities of the GCF as a climate fund, with the Board member from the Dominican Republic asking for such work to be completed by the end of 2016 at the latest. That developing the Fund's own ESS system has to be done with meaningful stakeholder participation following international best practice, was demanded by the Board member from Brazil, who also reminded his colleagues that the IFC PS did not necessarily constitute international best practice, but that for example the UNFCCC safeguards on REDD+, the Adaptation Fund's human-rights based safeguards approach or the Asian Development Bank's consultation guidelines were superior to similar efforts by the IFC.

On fast-tracking the accreditation of implementing entities and intermediaries already working with existing climate funds, developing country Board members from Barbados, South Africa and the DRC supported a fast accreditation of those national entities already accredited with the Adaptation Fund, while developed country Board members from the United States and the UK urged to accredit MDBs right away. The the Japanese representative clarified that those already working as implementers for the IFC and the GEF would be his first candidates for fast-track accreditation. A proposal by the United States representative with the support of his Dutch colleague to include private intermediaries in the fast-tracking by including commercial banks voluntarily committing to uphold the Equator Principles[17] was enthusiastically supported by the Northern active private sector observer as in line with recommendations by the Private Sector Advisory Group (PSAG) to speed up accreditation of a wide variety of private sector entities. From civil society side, the Northern active civil society observer rebuked the idea of fast-tracking the accreditation of the currently 80 Equator banks (2/3 of which come from developed countries), pointing out that the Equator Principles constitute not a third-party verified accreditation process, lack enforcement and that many Equator banks are engaged in fossil fuel financing with severe consequences for people and the environment.[18] He urged Board members to support the Southern-led call of international civil society groups and networks, who in a letter to the Board submitted just before the Songdo meeting had demanded the development of an exclusion list for certain types or categorizations of projects for the GCF, such as for example those funding continued use of fossil fuels, as part of a "do no harm" approach to the Fund's activities (see Annex II).[19]

Board members disagreed on the composition of the proposed new Accreditation Panel. Several developed country Board members, including from Spain and Switzerland, questioned whether including four Board members with a group of five technical experts, as suggested in the Songdo Board document on the accreditation framework, was excessive or even necessary with the Board members from Germany, the UK and Japan suggesting that the inclusion of Board members in such a panel could constitute a conflict of interest and that instead the Accreditation Panel should be made up of independent technical experts with a variety of represented expertise.

Summarizing the discussion, the Swedish chair of the Board's team on accreditation clarified that a tiered accreditation approach would be further clarified with another Board paper for the October meeting and that fast-tracking would not necessarily mean a "carte blanche" for MDBs, as the experience with accrediting them as multilateral implementers for the Adaptation Fund had showed. The Co-chairs then sent further work into a small group setting to reach the improvements to the draft decision needed for Board adoption by consensus. Over the next three days, the small group on the accreditation framework, which allowed for the participation of observers, convened repeatedly, producing a revised decision text presented to the full Board on the last day of the meeting. It for example solved the disagreements on the composition of the proposed Accreditation Panel by suggesting the creation of a Board Committee on Accreditation with oversight over a separate Accreditation panel composed only of technical experts. However, with the Board member from South Africa indicating in the full plenary that he would not be able to support the revised decision text in the presented form, this new decision version had to be further refined. Criticism of the South African member centered around the lack of a clear understanding of the relationship between a new Accreditation Panel and a Board Accreditation Committee, a time-line for the fit-for-purpose approach and of a commencement date for a call for accreditation. Other comments came from the Egyptian Board member who felt that the new decision text gave the PSAG and undefined "relevant private sector associations" too big of a role in influencing a fast-track accreditation approach to the GCF. For civil society, the Northern active observer echoed the latter concerns and also pointed out a missing reference to multi-stakeholder participation in the process to develop the Fund's own environmental and social safeguards. The approved final decision largely addresses those concerns.

Decision B.07/02 adopts an initial guiding framework that applies to both public and private sector entities with the fiduciary standards listed as an overview in Table 1. The initial framework is to be reviewed within three years. The IFC PS as described in the Songdo Board document are adopted on an interim basis, with their implementation for GCF activities to be guided by the IFC Guidance Notes. 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. The Songdo decision established a Board Accreditation Committee comprised of the members of the former Board Team on Accreditation (from Sweden, France, Barbados and Zambia). It also established an Accreditation Panel as an independent technical advisory panel comprised of six expert members "balanced between developing and developed countries and the appropriate range of expertise" to be nominated by the Accreditation Committee and confirmed by the Board. The decision also adopts terms of reference for the Accreditation Committee and the Accreditation Panel respectively and clarifies that the Accreditation Panel, supported by the Secretariat, is working under the guidance of the Accreditation Committee to elaborate elements of a fast-track approach for accreditation by the 8th Board meeting in October. This is to include an assessment and gap analysis of institutions already accredited under other relevant Funds to see if they are sufficiently in line with the Fund's interim ESS and initial fiduciary safeguards and can be recommended by the panel for fast-track GCF accreditation. It also includes the identification of potential relevant private sector international best practice standards and safeguards, presumably including the Equator Principles, and subjecting those to a gap analysis with input by the PSAG "and in consultation with relevant stakeholders" although the decision does not clarify who this includes. For the mid-October Board meeting, the Secretariat with input by Accreditation Panel and Committee, is requested to develop guidelines for the fit-for-purpose accreditation approach that matches the nature, scale and risk of proposed activities to the application of the Funds initial fiduciary standards and interim safeguards and to provide a progress report by September. The Secretariat in consultation with the Accreditation Committee will also develop a policy on accreditation fees, although no time-frame was given. Likewise, the Songdo decision does not give a clear time-line for the development of the Fund's environmental and social management system, which must include guidelines for the categorization of projects by IEs and intermediaries according to the level of environmental and social risk.

Table 1: Purpose and scope of the basic and specialized fiduciary criteria adopted in Songdo

	Purpose	Scope
Basic fiduciary criteria	Key administrative and financial capacities	• General management and administrative capacities • Financial management and accounting • Internal and external audit • Control frameworks • Procurement
	Transparency and accountability	• Disclosure of conflicts of interest • Code of ethics • Capacity to prevent or deal with financial mismanagement and other forms of malpractice • Investigations • Anti-money laundering and anti-terrorist financing
Specialized fiduciary criteria	Project management	• Project preparation and appraisal (from concept to full funding proposal) • Project oversight and control • Monitoring and evaluation • Project-at-risk systems and related project risk management capabilities
	Grant award and/or funding allocation mechanisms	• 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 recognized 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 or 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; • Financial risk management, including asset liability management; • Governance and organizational arrangements, including relationships between the treasury function and the operational side (front desk).

Source: GCF/B.07/11, "Decisions of the Board – Seventh Meeting of the Board, 18-21 May 2014", Annex I, p.15.

In line with the Paris Decision B.05/14 on readiness and preparatory support, the Songdo accreditation decision requests the Secretariat to prepare tools and guidance material, as part of the Fund's readiness support program, to enable sub-national, national and regional accreditation applicant entities for direct access to comply with a fit-for-purpose accreditation process and its requirements. The Board decision opens a call for submissions of accreditation applications from IEs and intermediaries after the Board's October meeting in Barbados, where the Board will consider and approve the relevant application documents.

Initial Proposal Approval Process, Including the Criteria for Program and Project Funding

In contrast to other operational modalities, the Governing Instrument does not elaborate on the programming and approval process of the Fund other than to state in para. 53 that it should be a "streamlined programming and approval process to enable timely disbursement," with the Board to develop a simplified process for certain activities, in particular small-scale activities. The 5th Board meeting in Paris in October 2013 then confirmed that an initial approval process, including elaborating criteria for program and project funding, was one of the eight requirements essential for the Fund to receive, manage, program and disburse financial resources and thus should be set before initial resource mobilization efforts.

At the Bali Board meeting, Board members were asked to provide feedback on a progress report by the Secretariat, which described a possible GCF funding cycle with then 23 distinct steps.[20] This feedback was to be integrated in a revised paper for decision in Songdo. In Bali, many Board members criticized that the role of the recipient country and the principle of country ownership as the guiding principle for all funding activities of the GCF was too diluted in the proposed funding cycle and approval process. National Designated Authorities (NDAs) and focal points which are to be the gatekeepers for the recipient country's interaction with the GCF were only informed of but not actively proposing activities for Board consideration. Other Board concerns then centered around the applicability of the proposal approval cycle for programmatic approaches and the delegation of decision-making for programs from the Board to either the Secretariat or implementers, as well as how to ensure that the qualitatively best of the submitted proposals in still to be defined categories (for example according to country groupings or thematic foci) would be approved.

The revised paper, which the Board considered in Songdo,[21] proposed a project and program activity cycle applicable to all proposals (public and private; mitigation, adaptation and/or cross-cutting) with 28 distinct individual steps in 9 key stages from the initial concept development and first proposal preparation and appraisal stage done by implementers and NDAs, to proposal submission and a second stage due diligence review by the Secretariat and the decision to proceed by the Board, to the implementation and then an impact period completed by the project/program close.

As outlined in the Songdo paper, in the (voluntary) **concept development phase**, an accredited implementing entity (IE) or intermediary would propose a concept for a project or program (with a program being understand as a portfolio of multiple projects coordinated as one unit with joint overarching outcomes and benefits), submit it to the Secretariat or NDA/focal point for feedback and recommendation and on that basis move forward with the preparation of a full funding proposal. The **preparation and appraisal phase** would involve the preparation of feasibility studies, as well as environmental, social and gender assessments by those scheduled to execute the program or project, as well as stakeholder consultation and no-objection communicated by the NDA or focal point. The IEs and intermediaries would review these documents for viability and conformity with activity-specific decision criteria of the Fund's investment guidelines and the Fund's safeguards in a first due diligence examination before submitting full proposal documentation to the Secretariat. In the **first step of the approval process** the Secretariat would then provide the second level due diligence check for compliance with Fund safeguards and other policies, including financial and the gender policies. Based on this review, by which Secretariat staff could be aided by a technical advisory panel (TAP) yet to be created, the Secretariat would make recommendations to the Board as to whether or not to proceed. In the **second step of the approval process,** either the Board or the Secretariat (if the Board decides to delegate decision-making power) would then take the **decision to proceed** which could be conditional pending required modifications to address shortcomings. In the **implementation phase**, the IE or intermediary would receive GCF funding against the criteria of a grant or loan agreement. IEs and intermediaries would have separate funding or service agreements with executing entities (EEs) doing the actual implementation work. In the proposed **commissioning/launch phase,** IEs and intermediaries report both on the activity's impact and its financial/economic performance, with the **impact period** through which monitoring and evaluation is to continue, varying according to the type of supported activity and ending with the servicing of loan debts prior to the **closing** of the activity.

In the initial plenary discussion in Songdo, the majority of Board members provided detailed feedback on how to improve the proposal approval cycle, pointing out perceived gaps, possible inconsistencies with the investment and results management frameworks as well as the need to simplify and streamline the cycle and to shorten the time-line from concept to disbursement, which in the cycle proposed for decision by the Secretariat in the various stages could add up to 15 to 27 months. Voicing their disappointment over a revised paper that in their view still failed to strongly reflect the Fund's key operating principle of country ownership, Board members from several developing countries (including from China, Brazil, the DRC, Ecuador, South Africa, Egypt and India) urged a stronger role for NDAs and focal points in the approval process, including through an active no-objection procedure with explicit confirmation of the host country's agreement to the proposed project/program as well as an active role of NDAs and focal points in the initial concept development and independent submission of proposals to the Secretariat. In the proposed version, only IEs and intermediaries would have had that capability. The South African Board member called the suggestion that NDAs/focal points would be only informed about concepts submitted by IEs or intermediaries "condescending" and ignorant of actual practice in many countries, for example in the context of the World Bank's Climate Investment Funds, where focal points were actively putting together investment plans. The Egyptian Board member recommended that NDAs or focal points should designate favorite IEs or intermediaries and develop specific GCF country work programs to form the basis for project/program proposals to the Fund. A central role for NDAs and focal points in the approval process combined with comprehensive and early stakeholder engagement was also stressed by the Southern active civil society observer as key to generate truly country-driven project and program proposals. She also agreed with the Board member from Ecuador and others who urged transparency by posting detailed project and program concept and proposal documentation online, to provide information to and allow feedback from affected population groups.

The Board members from Barbados and the DRC, supported by the members from France and Australia, missed an elaboration of a simplified proposal approval process for particularly small-scale activities in line with para. 53 of the Governing Instrument. Both also urged capacity support for executing entities particularly in vulnerable countries such as SIDS and LDCs including through the provision of guidelines and toolkits by the Secretariat.

From developed country side, most Board members' interventions focused on the need to bring a competitive element into the approval process, with the representatives from Sweden, the US, Japan, Denmark, Norway, the UK, Germany, and Australia demanding that – consistent with the investment and result management frameworks – approval should be guided by a focus on the "best projects in the patch" and those most ambitious among comparable proposals in respective categories such as country groupings as a way to ensure fairness. Criteria for such a competitive approach (including a scoring system) and for proposal categorization and grouping will still have to be developed. In the view of Board members from Hungary and Germany, the Secretariat should be aided by an independent technical advisory panel to help with proposal appraisal, while the Board member from Denmark worried about possible conflict of interest during second stage due diligence in the Secretariat if there would not be a ring-fencing of the division in charge. While Board members from Denmark, Japan and Australia proposed a swift proposal approval process for private sector activities in line with recommendations by the PSAG which for example included a tacit (through time lapse) no-objection procedure and delegated decision-making authority– two points that were also strongly stressed by the Northern active private sector observer in his intervention --, the Board members from Egypt and India felt that addressing the operationalization of the no-objection procedure in the discourse about proposal approvals would pre-empt the work of the Board's own small group on country ownership.

What to do in cases when project or programs get stuck or are going in the wrong direction was a concern voiced by the Board members from Spain, Germany and the UK who asked the Secretariat to develop guidelines for policies for cancelation or suspension of activities already under implementation.

Some members also sought clarification of how rejected proposals would be treated and whether they should be allowed to be resubmitted. In that context, the Board member from Saudi-Arabia reminded his colleagues of the option by countries to have rejected proposals reconsidered by the Independent Review Mechanism. This was articulated as one of its main functions in the terms of reference approved at the Bali Board meeting.

With this laundry list of issues to be addressed, the Co-Chairs convened a small group to revise the proposal approval cycle and the decision text. The small group, which allowed for informal input from observers, met intensively over the next three days and produced two reworked decision versions, before approval on the last day. In the course of those deliberations, the small group agreed to focus only on those steps in the project/program activity cycle leading up to a Board approval and to separate out the post-approval stages in an annex of which the Board in Songdo would only take note. The group also introduced a new "zero" or initial step into the activity cycle that allowed for the voluntary submission of a country or regional work program by the NDA or focal point to the Secretariat, coupled with the possibility to receive some readiness support from the Fund upon request for this task. It was a central issue for the Board representative for the SIDS from Barbados to ask for clarification regarding the applicability of the proposed activity cycle to regional projects and programs. The small group wrestled until the end with whether the decision text should refer to a competitive initial proposal approval process. The final decision text dropped that reference but asked the Secretariat to develop methodologies for a selection process for proposals "that best achieve the Fund's objectives." A variety of technical issues, including which form – tacit or active – the no-objection procedure would take and how, how early and where information about proposals would be disclosed will be considered in the context of Board discussions on country ownership and the Fund's information disclosure policy respectively, which the Board might take up at the 8th Board meeting. The decision also notes the Board agreement to deliberate at a later point the possibility of special funds for proposal development and the development of a policy regarding activity cancelation and termination.

The project and program activity cycle ultimately agreed by the Board now consists of 11 distinct steps in identified seven key stages, namely **1) voluntary country and/or regional work program; 2) generation of program or project funding proposals** in the form of regular calls published by the Secretariat as well as allowing for the submission of spontaneous funding proposals by NDAs, IEs and intermediaries; **3) voluntary concept development** by IEs, intermediaries and executing entities with feedback from the Secretariat; **4) submission of funding proposals** after a no-objection by the NDA or focal point; **5) Analysis and recommendation by the Board** after second-level due diligence by the Secretariat supported by a technical advisory panel; **6) Board decision** to approve, approve with conditions or reject, in which case the Secretariat will have to inform countries that they can request a reconsideration via the Independent Redress Mechanism; and finally **7) entry into legal arrangements for approved proposals** between the Secretariat and the IE or Intermediary with a letter of commitment of funding provided by the Interim Trustee.

While stakeholder consultation was outlined as a distinct step in the initial draft of the activity cycle, in its final agreed version it is now only weakly referred to in the context of a footnote under the step of submission of the funding proposal to the Secretariat. The footnote clarifies that an appraisal toolkit that the Secretariat will have to develop and which is to guide IEs and intermediaries in developing funding proposals, has to include guidelines for multi-stakeholder consultations and engagement in line with the Fund's interim environmental and social safeguards and its future Environmental and Social Management system (ESMS). However, this reference is not sufficient to ensure stakeholder engagement and participation throughout the activity cycle, including in country work program and concept development and in activity implementation, for example in the form of the participatory monitoring that the Governing Instrument explicitly refers to in para.58. It also inadequately addresses the clear mandate of the Governing Instrument of para. 71 to "promote the input and participation of stakeholders, including private-sector actors, civil society organizations, vulnerable groups, women and indigenous peoples, in the design, development and implementation of the strategies and activities to be financed by the Fund."

Songdo Decision B.07/03 on the initial proposal approval process adopts the 11 distinct steps of the project and program activity cycle as described above. It takes note of a list of another 11 indicative initial post-approval activity cycle steps and requests the Secretariat to develop those further for Board consideration at its 9th Board meeting. It references the criteria for funding decisions approved under the investment framework (B.07/06) and decides to establish an independent technical advisory panel which is to support the Secretariat in assessing funding proposals and recommending them for Board decision. The terms of reference for such a panel of technical experts are to be developed for Board decision at the next meeting in mid-October. The Secretariat is also mandated to develop both an operations manual (for internal Secretariat use) and an appraisal toolkit (for IEs and intermediaries) for the initial proposal approval process. The agreed initial process is to be reviewed and revised as necessary, for example in light of the recommendations of the PSAG or additional modalities on further enhancing direct access, which the Board could discuss as early as at its 8th Board meeting.

Initial Results Management Framework of the Fund

The debate on initial results areas and performance indicators and the results measurement framework (RMF) for the GCF, which began at the 5th Board meeting in Paris, has proved to be a very difficult one, being drawn out over three GCF Board meetings so far. A pared down decision was achieved at the Songdo.meeting, although it did not yet set most higher level indicators for the Fund's performance measurement – just barely enough to fulfill the requirement as a pre-condition for the start of the essential resource mobilization. This highlights the complexity of the decisions the Board was asked to make, particularly in finding agreement on how the Fund would evaluate the transformative and paradigm shifting impact of its funding as articulated as goal in the GCF's Governing Instrument (paras. 2 and 3), which also mandate that this funding has to be channeled in the context of sustainable development and while taking a gender-sensitive approach. In Paris, the Board had decided on a set of 14 initial result areas, some core performance indicators and key criteria which are to form the base for a detailed operational results measurement framework[22], which the Board in an initial draft version (to be reviewed and revised based on some learning experiences down the road) tried to bring forward. At the 6th Board meeting in Bali, there was a discussion on a progress report,[23] but not a decision.

Based on Board member feedback from Bali, the paper and draft decision for Songdo were to be revised. In Bali, Board members worried that the proposed framework was too complex and rigid and urged a concentration on a small set of core indicators only, similar to the approach that the World Bank's Climate Investment Funds have taken. Several Board members felt that the framework was too top-down and disrespectful of country ownership and missed a sufficient linking up with country-led strategies. Some developing country Board member had also rejected a proposed inclusion in of agriculture into the GCF's RMF, arguing that the GCF should not pre-empt a still outstanding agreement on how to address agriculture in the UNFCCC. The issues of whether GCF results measurement on mitigation reduction could be country-wide, or only GCF funding-specific; an appeal to reconsider the REDD+ approach in the proposed RMF in order to bring it in line with the decisions at COP 19 in Warsaw on a REDD+ framework; and lastly the need for the proper integration of the gender-sensitive approach in the Fund's RMF, for example through disaggregation of indicators by gender at all levels, were other issues where Board members in Bali asked for revision and improvement for the Songdo paper and decision.

The revised paper presented to the Board in Songdo[24] described the proposed logical model (depicting the causal relationship between inputs, activities and their results in form of outputs, outcome, impacts and paradigm shift level objective) and the expected time for achieving results on various levels (see table 2 below). It also described a performance measurement approach specifically geared toward adaptation and mitigation interventions of both the public and the private service.

While the Secretariat is to take responsibility for managing the full framework and aggregating results Fund-wide – with these results also intended to inform Fund-wide results-based allocation decisions eventually – , implementing entities (IEs) and intermediaries would be responsible for overseeing and aggregating results on national or regional levels or for programmatic interventions (usually consisting of a set of interrelated projects and activities), while executing entities (EEs) would be given the primary responsibility to report performance results of GCF funded interventions at the individual project level. Detailed annexes for mitigation and adaptation respectively elaborated on a menu of expected results (outputs, outcomes, impacts and paradigm shift objective), proposed initial performance indicators, how information is collected, by whom and how often.

Table 2: Levels of the logic model

Level	Description	Time required
Input	Funds (grants/concessional loans), human effort	start of intervention
Activity	Direct services provided through Fund investments	short-term
Project/program output	Changes achieved as a result of outputs	short-term
Project/program outcome	Aggregate changes identified in country policy or planning documents	medium to long-term
Impact level (Fund-wide)	Aggregate changes achieved in the Fund's key strategic result areas	long term
Paradigm shift objective	Paradigmatic, lasting changes achieved, i.e. all facets of society are demanding and integrating low-emission and climate resilient approaches to sustainable development	long term (15 years +)

Source: Songdo Board Document GCF/B.07/04, "Initial Results Management Framework of the Fund", table1, p.3.

For mitigation, activities are to focus on four strategic level impact results areas seen as key to achieving the global goal of a "shift toward low-emission sustainable development pathways", namely **1) increased low-emission energy access and power generation; 2) increased access to low-emission transport; 3) increased energy efficiency in buildings, cities and industries;** and **4) sustainable land use and forest management, including REDD+.** In the adaptation logical model the proposed approach suggested that the global objective of "increased climate-resilient sustainable development" could be attained after aggregate global achievements, including those contributed by the GCF in four inclusive strategic level impact areas for the Fund, namely **1) increased resilience and enhanced livelihoods of the most vulnerable people, communities and regions; 2) increased resilience of health and well-being and food and water security; 3) increased resilience of infrastructure and the built environment to climate change threats;** and **4) improved resilience of ecosystems.**

For the performance measurement framework, the paper proposed for mitigation a set of three core indicators to be applied to all mitigation interventions, which are to measure a paradigm shift in the Fund's aggregate portfolio. They focused on the volume of total GHG emissions reduction and the cost-effectiveness of a reduction in CO_2 emissions, as well as the volume of public and private funds catalysed by the Fund and mirror similar core indicators used for the World Bank's Clean Technology Fund (CTF). Those core indicators could be complemented by other indicators that project/program proponents would select from a longer list of possible indicators. Those suggested core indicators for mitigation, for which the GCF Secretariat retains the overall responsibility, however, are not reflective of a broader sustainable development context and the multiple benefits GCF funding should be supporting – including the promotion of environmental, social, economic and development co-benefits and taking a gender-sensitive approach as mandated by the Governing Instrument. Instead, unchanged from the Bali paper, the Songdo proposal continues to relegate the measuring of co-benefits to implementing and executing entities and intermediaries mandating only that they identify "at least one co-benefit" in mitigation project or program start-up plans. This neglects the fact that multiple benefits and a gender-responsive implementation in mitigation are part and parcel of the paradigm shift the Fund wants to support, indispensable for recipient country support and the long-term sustainability and effectiveness of GCF mitigation interventions. In contrast, for adaptation the paper recognizes that "virtually all adaptation benefits" have multiple components such as socio-economic development.

For measuring the performance of GCF adaptation investments, the paper proposed to select five specific project/program outcome indicators as core indicators for Fund-wide activities. This acknowledged the complexity of efforts to measure adaptation impacts and is in line with approaches by other adaptation funders such as the GEF, the Adaptation Fund or the Word Bank's Pilot Program on Climate Resilience (PPCR). The suggested five are considered "broad-spectrum" indicators frequently tracked in recipient government plans and are to be supplemented by other existing qualitative and quantitative adaptation indicators with known field-tested measurement tools. Over time, the performance measurement for adaptation is to be refined through learning from the Fund's experiences, including through the work of the Fund's Independent Evaluation Unit. The proposed five indicators for the Board to consider as core indicators for Fund-wide adaptation efforts were:

- Degree of integration/mainstreaming of climate change in national and sector planning and coordination in information sharing and project implementation;
- Evidence that climate data is collected, analyzed and applied to decision-making in climate sensitive sectors at critical times by the government, private sector and men/women;
- Perception of men, women, vulnerable populations, and emergency response agencies of the timeliness, content and reach of early warning systems;
- Extent to which vulnerable households, communities, businesses and public sector services use improved tools, instruments, strategies and activities [including those supported by the Fund] to respond to climate variability and climate change; and
- Percentage of population aware of the potential impacts of climate change and range of possible responses.

In the initial plenary discussion in Songdo, a majority of Board members provided detailed comments and expressed some concerns before the initial results management framework was further developed over three days in workshop-type deliberations in a small group that included observers. The Board members from Barbados, Switzerland, Denmark and the United States worried that suggested results areas and performance measurement indicators were inconsistent with the proposed investment framework and demanded a close side-by-side development of both over the course of the Board meeting. Board members from India and Ecuador also reminded their colleagues to look at the coherence of expected results of funding and their measurement and the scale of funding inputs. Several members, including from Spain, China, Brazil, France and Switzerland, questioned whether the proposed approach was coherent with the Board's earlier decision from Paris, which had already determined specific results areas and some initial indicators for both mitigation and adaptation (Paris Decision B.05/03 with related two annexes). Specifically, the Board members from China, Brazil, Japan, Ecuador and Switzerland rejected the inclusion of national- or sector-wide indicators in the Fund's performance measurement framework, reminding their colleagues that according to the decision in Paris their use would be at the digression of the recipient country, with the representative from Ecuador asking for flexibility for recipient countries to identify the most suitable indicators themselves. The Chinese Board member strongly objected to any attempts to create a separate MRV system for emissions reductions on the national level outside of the UNFCCC through the GCF results measurement framework. His colleague from Japan agreed, pointing to the problem of attribution at higher impact levels. He also urged to avoid defining low-emission projects as primarily renewable options, asking instead to respect the more "technology-neutral" language used in the Paris decision context.

The need to not just look at quantitative emissions reductions, but also to better reflect changes in the policy setting and the enabling environment in the Fund's performance measurement was highlighted by Board members from France, Germany, Denmark and the UK, with the representatives from France and the UK pressing for an integration of the policy level in the paradigm shift indicators for mitigation. Similarly, the Board members from Sweden and the DRC urged to include the sustainable development component into mitigation results measurement, including through qualitative indicators for a paradigm shift, as the Congolese Board member suggested. This point was also underlined by the Southern active civil society observer who wanted to see social and environmental multiple benefits integrated in Fund-wide core mitigation indicators. She also warned for the use of leveraging as core indicator for the paradigm-shift potential of the Fund's efforts, pointing out that leveraging and cost-effectiveness-focused aggregate measurements would discriminate against smaller-scale and community-focused interventions which have generally higher transaction costs and less leveraged finance than large-scale infrastructure-focused measures. The Board member from Germany likewise noted that a leverage factor increases the less risky a proposed investment is and that therefore leveraged funding was not a good indicator for impact achieved. In contrast, the Southern active private sector observer, quoting from the PSAG recommendations, defended a leverage indicator as a way to measure transformative change as it signals greater private sector involvement and greater blending. She suggested the Board look at a balanced-scorecard approach for results measurement with minimum thresholds for individual factors.

As during the last two Board meetings, members in the initial discussion in Songdo did not agree on how to treat agricultural in GCF mitigation investments, with the Swedish member asking for its inclusion in the measurement of land-use management results, while the members from DRC and Ecuador wanted it explicitly excluded from mitigation measurement because of food security concerns in many of the poorer developing countries and to avoid pre-judging current negotiations under the UNFCCC. Board members from Norway, Brazil and Germany took the lead in urging to bring the GCF REDD+ results and performance measurement in line with the Warsaw framework decisions under the UNFCCC, with Norway urging a better reflection of the link between performance and allocation in mitigation via results-based payment approaches in the GCF's results measurement framework. Lastly, the Board members from Sweden, the UK and the United States reminded their colleagues that the initial results management framework of the GCF needs to be consistent with a gender-sensitive approach to funding. While they expressed support for and a clear strategy for the use of gender-disaggregated indicators, the US Board member stressed that mainstreaming gender needs to go beyond data-segregation only by improving and changing policies and not just indicators. Inputs to the Fund Secretariat and Board members from observers and gender experts have demanded throughout the discussion of the GCF results management framework that Fund core indicators need to provide accountability on whether GCF-supported activities in the aggregate have contributed to such policy changes and improvements in support of gender equality (see Annex III).

In the small group over the next three days, participants – facilitated by the UK Board member – looked at and confirmed that the proposed results areas and indicative indicators proposed in the Songdo document were broadly consistent with those already agreed upon in Paris, although they were often not verbatim reflected. Likewise, Board members in the small group agreed that the logic model presented in Songdo was an evolution of and improvement on the Paris approach, but not incoherent with it. The group confirmed that national and sector-wide indicators would be used only at the discretion of the recipient country and clarified that mitigation impact areas measuring emissions reductions in power generation or transport where applied at the Fund-level. The group decided to slim down the decision-relevant details of the proposed results and performance measurement framework to the minimum needed to pass the requirement in Songdo, with Board members in the group, disagreeing on whether this would have to include a detailed list of indicative indicators for both mitigation and adaptation. While for example the UK Board member pushed in the small group for the inclusion of indicative indicators as part of the decision, the majority of the group felt that beyond a narrow set of core indicators further work was needed and therefore could only agree to take note of them at this point. The group did decide not to include any indicative results areas or initial performance indicators for specific activities or program/project outputs in Songdo, as these will be defined by executing entities. It agreed on wording to ensure that REDD+ measurement will be in line with the Warsaw REDD+ framework and on a paragraph that reinforced the gender-sensitive approach to the results management framework and the gender-disaggregation of results "where relevant".

When the revised decision text with simplified adaptation and mitigation logic models and some possible initial performance indicators serving as basis for further work by the Secretariat were brought back to the full plenary on the last day, only one aspect proved controversial and had to be dropped. Differing from the version some small group participants had remembered as agreed text when the small group had disbanded close to midnight the night before, a new core indicator for adaptation on "volume of finance leveraged by Fund funding and disaggregated by public and private sources" was added, mirroring a similar core indicator for mitigation. Board members from Zambia, the DRC and Brazil spoke forcefully against the inclusion of such a core adaptation indicator on leverage in the Board's decision. In a huddle of Board members and advisors during a suspended plenary session the issue was resolved by dropping this proposed core indicator for adaptation, after which the Board approved the initial results management framework worked out in the small group.

Songdo Decision B.07/04 on the initial results management framework for the Fund affirms the Paris decisions as well as the initial results areas and initial performance indicators agreed then. It adopts the logic framework approach and confirms the various levels for the results management from inputs, activities, to project/program outputs and outcomes to Fund-level impacts to the paradigm shift objective and explicitly confirms that these upper two levels are measured by aggregating project/program-based results Fund-wide. It acknowledges that inputs, activities and outputs of Fund-supported measures will be defined for each project and program on a case-by-case basis and affirms that national and sector-wide indicators will be used only at the discretion of the recipient country. The decision requests the Secretariat to further develop the performance frameworks for adaptation and mitigation for the next Board meeting by looking at indicators for mitigation and adaptation, methodologies, data sources, frequency and responsibilities of reporting and an approach to address gender considerations. For the October meeting, the Secretariat is also requested to develop a logic model and performance framework for results-based payment approaches such as REDD+ in accordance with the methodological guidance in the Warsaw REDD+ framework.

The decision adopts the following initial mitigation logic model with a) tons of carbon dioxide equivalent (tCO2eq) reduced as a result of Fund-supported projects/programs, b) costs per tCO2eq decreased for all Fund-supported mitigation projects/programs, and c) volume of finance leverage by Fund support, disaggregated by public and private sources as core indicators:

I. Paradigm shift objective for mitigation:
   - *Shift to low-emission sustainable development pathways;*

II. Fund level impacts for mitigation:
   - *1.0 Reduced emissions through increased low-emission energy access and power generation;*
   - *2.0 Reduced emissions through increased access to low-emission transport;*
   - *3.0 Reduced emissions from buildings, cities, industries and appliances*
   - *4.0 Reduced emissions from land use, deforestation, forest degradation, and through sustainable forest management and conservation and enhancement of forest carbon stocks;*

III. Project/program level outcomes for mitigation:
   - *5.0 Strengthening institutional and regulatory systems for low-emission planning and development;*
   - *6.0 Increased number of small, medium and large low-emission power suppliers;*
   - *7.0 Lower energy intensity of buildings, cities, industries, and appliances;*
   - *8.0 Increased use of low-carbon transport;*
   - 9.0 *Improved management of land or forest areas contributing to emissions reductions*.

For adaptation, the Board adopted the following initial logic model with the total number of direct and indirect beneficiaries relative to the total population as the sole core indicator selected at this time:

I. Paradigm shift objective for adaptation:
   - *Increased climate-resilient sustainable development*

II. Fund level impacts for adaptation:
   - *1.0 Increased resilience and enhanced livelihoods for the most vulnerable people, communities, and regions;*
   - *2.0 Increased resilience of health and well-being, and food and water security;*
   - *3.0 Increased resilience of infrastructure and the built environment to climate change threats;*
   - *4.0 Improved resilience of ecosystems and ecosystem services;*

III. Project/program level outcomes for adaptation:
   - *5.0 Strengthened institutional and regulatory systems for climate-responsive planning and development;*
   - *6.0 Increased generation and use of climate information in decision-making;*
   - *7.0 Strengthened adaptive capacity and reduced exposure to climate risks;*
   - *8.0 Strengthened awareness of climate threats and risk-reduction processes.*

Initial Financial Risk Management Framework

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[25]. 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 (see separate section) set by the Board's Investment Committee. Thus, a close collaboration between both standing Board committees is required.

At its 6th meeting in Bali, the Board had considered a progress report by the Secretariat[26], 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 of the Board on the risk appetite for the Fund, which several Board members had urged must be higher than that of existing funds. A significant number of Board members also had 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. While the focus of the Bali progress report was on the management of financial risks only, several Board members and the Southern CSO active observer then had also urged a wider understanding of risks by being especially mindful of the reputational risks the Fund could face.

A reworked Board paper presented for decision in Songdo[27] 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. This Fund-wide assessment should be done according to key risk parameters based on recommendations from the Risk Management Committee, such as a ceiling for non-performing loans (NPLs) of 10 to 20 percent of the outstanding loan portfolio volume over a certain period, with higher ceilings reflecting a bigger GCF risk appetite.

On the liability side, risks – such as arrears in contribution compared to pledges, foreign exchange and interest rate risk for concessional loan contributions to the Fund – will be monitored on a continuous basis by the World Bank (still interim trustee until April 2015) for contributions, the Secretariat's Risk Manager (for foreign exchange and interest-rate risks) and through reliance on credit ratings agencies for counter-party risk. The Risk Manager will also be in charge of continuously monitoring the risks associated with a mismatch between assets (grants and loans provided for projects and programs) and liabilities (for example for repaying contributor loans).

A special concern of Board members since the Paris discussion had been receiving assurances that in the GCF any cross-subsidization by providers of grant financing for the Fund of the risk for non-performing loans (to ensure that providers of loans to the GCF can be repaid) would be avoided. In Paris, the Board in its decision on financial inputs had specifically instructed the Secretariat to specify the risk that accepting concessional loans to the Fund could pose. The Bali progress report then had recommended to endow the GCF with a capital cushion of no less than 10 percent of the outstanding loan portfolio to cover NPLs. Contributing countries loaning to the Fund are expected to add this amount as capital contribution (= non-repayable). The Board document for decision in Songdo goes further in specifying two possible options for loan contributors to the Fund to address this risk, namely the possibility of a write-down of the value of their loans or the related provision of a grant or capital contribution by the loan provider to the Fund, who could be asked to contribute repeatedly if the capital cushion proves inadequate. The paper also recommends for the Fund to receive more than half of the financial inputs to the Fund in form of grants to allow to channel grants (for example for adaptation measures which are to constitute in a balanced funding approach 50 percent of the GCF portfolio) via IEs and intermediaries to recipient countries and the private sector and to avoid that NPLs undermine its ability to provide grant financing.

Risk monitoring and reporting will be ongoing, for example via suggested quarterly financial risk management summaries provided to the Board by the Secretariat's Chief Financial Officer, in addition to a risk register with detailed information provided to the Board on a yearly basis, as well as semi-annual financial statements and an annual portfolio review based on information provided by intermediaries and IEs on their projects/programs. The Board and the Secretariat are also expected to undertake a self-evaluation every two years. An annual external audit report to confirm the accuracy of financial statements and obtain a third-party view of the financial health of the institution is also required. The responsibilities for governing the Fund's financial risk will be shared between the GCF Chief Financial Officer who oversees the Fund's Risk Manager, a Risk Working Group in the Secretariat which will be supported by the Trustee, and the Board's Risk Management Committee.

Reporting back in Songdo on the work of the Board's Risk Management Committee since Bali, the Indonesian Chair requested to change the draft decision to include an addendum[28] on the financial arrangements for grants and loans and the role of implementing entities and intermediaries focusing on the minimum subsidy element needed to make the project or program viable and to help achieve the Fund's paradigm shift objective; the Secretariat is then to review the validity of the financing terms and conditions of the funding proposal submitted. The Committee also recommended to the Board to view the proposed framework as initial only with a review possible one year after Fund capitalization. The Committee is establishing a work program on the risk appetite of the Fund, drawing on an analysis of methods used by other financial institutions for NPLs, buffers and write-offs and for establishing stress tests.

In the Board discussion spread over three days in Songdo, Board members, while generally appreciative of the paper and draft decision, had some concerns. The Board members of South Africa and Ecuador reminded their colleagues of the reputational risks for the Fund resulting from the non-fulfillment of pledges and an inadequately capitalized Fund and together with the Australian Board member requested the Board's consideration of other non-financial risks for the Fund in the near future. The Board member from India pointed out the reputational risk of inadequate monitoring of the risk of individual project failures, not just on the Fund portfolio level and suggested the Risk Management Committee should work on guidelines to handle the risk of such individual failures. The Board member from Barbados wanted work on risk management scenarios to be accelerated and asked for some first report back on surveying methodologies for determining and stress testing the GCF's potential risk appetite already for the next Board meeting, instead of delaying such work until 2015.

As in previous discussions on managing the GCF's financial risk, the best way to avoid cross-subsidization of grant inputs for repayment of loan inputs to the Fund in case of a high rate of NPLs was discussed passionately. The Board members from the United States, the UK and Australia wanted to see a reference in the draft decision deleted which had set a lower bound of 50 percent of grants in nominal terms as inputs for the Fund, arguing that setting a figure would be unnecessarily limiting and that the right percentage of grant inputs into the GCF should be determined by the ability to fulfill the Fund's allocation and policy level objectives. Some developed country Board members also questioned whether it was advisable or necessary to manage loan and grant inputs into the Fund separately. While the representative from the US took the view that combining them would lower the risk appetite of the Fund to the level the loan providers to the Fund are comfortable with – a scenario that in the view of some observers led to a lower than hoped for risk appetite in the case of the World Bank's Climate Investment Funds (CIFs) – the Board member from France, supported by the representative from Japan, disagreed arguing that a sufficiently big capital cushion could take care of NPLs and that two pots in the GCF for loan and grant funding would introduce rigidity. Board members also wanted some further clarification on the timing and sequencing of possible stress-test scenarios for the GCF, with the Board members of the United States and South Africa urging for such stress tests to be played out only after initial resource mobilization efforts to avoid that contributor agreements with the Fund are determining the GCF's risk appetite.

Referring to the suggested addendum to the decision focusing on the terms and conditions of financial instruments for intermediaries and implementing entities, the Board members from India and Egypt voiced their discomfort and ask for a reference that such an addendum would not prejudge further Board discussions and decisions on GCF financial instruments which are scheduled for the 8th Board meeting in Barbados. This was clarified in a footnote to one of the annexes of the decision. The Indian representative also asked for a further clarification in the draft decision to not just focus on a zero tolerance approach to fraud and corruption, but also on the avoidance of excessive risk taking by intermediaries on the expectation of bail-outs; such a reference to minimizing the risk of moral hazard with respect to intermediaries was added to one of the annexes to the decision. The Board members from Egypt, the DRC and the United States also asked for a strengthening of the oversight of the Board over the Fund's risk management approach by ensuring that the Board can have access to the Secretariat's Risk Manager and general counsel when they feel the need for additional information beyond regular reporting. While both are to report directly to the ED, they can now provide advice also to the Board at the request of its members under a “dotted-line reporting” approach.

In their interventions, both active observers from civil society and private sector worried that the terms of outgoing concessional loans could be made dependent on the terms of incoming loan contributions and that concessionality might thus be eroded on the way to the final recipient (especially when taking into account the cost of administrative and implementing fees to be charged by implementing entities and intermediaries). The Northern active civil society observer proposed instead a needs-based assessment for concessionality of loans that should also take into account the indebtedness of a country. He felt that significantly more than 50 percent of the Fund’s resources should be inputted in the form of grants, not the least to allow for a substantial part of the finance to be passed on to recipient countries in the form of full cost grant financing in line with para. 35 of the GCF’s governing instrument. For her part, the Southern active private sector observer urged to give the PSAG a role in determining the Fund’s risk management approach and risk appetite and warned that non-acting by the Fund and a duplication of efforts with already existing Funds – if for example the GCF’s is striving for a AAA risk rating – could also entail some reputational risk.

The Board adopted an initial financial risk categorization and management with some amendments and changes to the originally proposed document annexes (decision B.07/05). It also confirmed that the Fund’s risk management and reporting system as described above 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 next meeting in Barbados in October. After the conclusion of the Fund’s initial resource mobilization (presumably at the first GCF Board meeting in 2015) the Board is to decide about a methodology for determining the initial risk appetite of the GCF with the Secretariat outlining various scenarios in applying this methodology. The initial risk management framework can be reviewed as early as after one year, with an in-depth review no later than three years after the initial capitalization of the Fund. Concurrently, the Board’s Risk Management Committee is to look at other than financial risks. These do include the danger of waning political or civil society support for the Fund (“stakeholder risk’) or the reputational risk that the Fund might encounter if it were to engage in continued fossil fuel lending as well as if the Fund’s social and environmental safeguards and its mandate for a gender-sensitive approach to its funding are inadequate operationalized or insufficiently enforced and thus could lead to blatant human rights violations as a result of GCF investments.

Initial Investment Framework

Decision B.04/08 on the Private Sector Facility (PCF) at the 4th Board meeting 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.”[29] 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, chaired by the Board member from India with colleagues from Australia, Denmark, Chile, the UK, and China[30]. 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 Bali meeting, the Board in an informal discussion had considered a progress report by the Secretariat[31], outlining the purpose and core elements of the proposed GCF investment framework. Several Board members then indicated a reluctance to delegate investment decision making from the full Board to either the Secretariat or the Board’s Investment Committee as strongly encouraged in that progress report. Likewise, there was some Board disagreement on whether the investment framework with a set of investment criteria should apply port-folio wide or be applied differentially, for example depending on mitigation or adaptation projects or recipient country groupings (such as based on need or income). Some interventions in Bali had also expressed the concern that the then proposed draft investment framework had focused overwhelmingly on financial risk management while giving too little consideration on how to implement actual policy decisions in furtherance of Fund objectives and goals, especially since a focus on profitability and revenue-generation in the investment framework could come at the detriment of GCF investments' contribution to sustainable development and multiple benefits.

The reworked paper on the GCF's proposed investment framework presented to the Board for decision in Songdo[32] 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 (*elaborated in a separate section of this report).*

The GCF investment policies are set by the Board's Investment Committee which had coordinated with the GCF Secretariat in developing the initial policies presented in Songdo. These policies proposed that the Fund will only finance projects and projects that demonstrate the maximum potential for a paradigm shift and that all funding received and extended by the Fund will be accounted as grant-equivalent financing to provide the basis for comparison between grants and loans based on standard methodology such as the one developed by the IMF.[33] It also suggested that the GCF will provide only the minimum concessional funding required up to and including the full cost of a project or program to make it viable while avoiding to "crowd out" other funding sources. GCF loans will be provided only to revenue-generating activities that are deemed "intrinsically sound from a financial point of view". However, intermediaries receiving such concessional loans are free to use the GCF funds to blend with their own resources and thereby increase the concessionality of their own lending. Thus, a public or commercial development bank could use GCF funds to make its own loans more attractive to clients. The Songdo paper suggested to set the Fund's initial investment strategy and portfolio targets 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. The GCF portfolio quality and performance is to be guaranteed through a continuous tracking of the financial performance of the Funds, reviews of quarterly risk management dashboards and an annual portfolio review in conjunction with GCF annual financial statements, which the Board's Investment Committee will review prior to presenting it to the full Board.

For the GCF's initial investment guidelines, the Songdo paper elaborated activity-specific allocation criteria (the second-tier allocation policies) that will enable the Board to make funding decisions on specific project and program proposals. These consisted of initially proposed six criteria (namely, "impact/result potential", 'paradigm shift potential", "needs of the beneficiary country/alternative funding sources", "country ownership and institutional capacity", "economic efficiency", and "financial viability for revenue-generating activities"). Each of these project-criteria was defined further by several sub-criteria, such as "cost-effectiveness" or "climate-related impact", some 15 in total, for which activity-specific indicators and specifications still have to be developed based on advice of the Board's Investment Committee and on consultations with the Private Sector Advisory Group (PSAG). These indicators are to take into account previous Board decisions on allocations, specifically decision B.05/05 from Paris, which stipulates that the GCF investment guidelines have to facilitate cross-cutting proposals, results-based and country-driven approaches and seek geographical balance while being supportive of private sector activities in mitigation and adaptation at the national, regional and international levels.

Reporting back to the full Board on the work of the Investment Committee since Bali, the Indian Chair stressed that the Fund's investment framework should be open, transparent and encourage innovative investment approaches while ensuring that GCF funding is widely accessible. Such wide accessibility might be in tension with some Board members' suggestion for a competitive proposal approval process picking winners and losers. He urged the Board to pay close attention to coherence within the so-called "triangle" of GCF policies on investment, proposal approval and results management. He also asked his colleagues for guidance on whether the decision-making criteria and sub-criteria presented to the Board were the right ones and whether and how they should be weighted pointing out that the Investment Committee's work program for the next 12 months would be based on Board decisions on these issues.

In their discussions and tough small group negotiations on the proposed initial investment framework for the GCF over three days of the Board meeting, Board members came up with several versions of the final decision text. In their revision, Board members focused mostly on the proposed investment criteria and sub-criteria for approval decisions as the most critical building bloc of the initial investment framework and suggested various changes and edits, including postponing the identification of and decision on sub-criteria and relevant indicators to the next Board meeting and instead only deciding on coverage areas for the investment criteria in Songdo. Indicators for investment sub-criteria would have to be coherent with those yet to be defined under the Fund's results management framework; both sets of indicators are slated for Board consideration at the Board's 8th meeting in Barbados in mid-October.

In initial plenary discussions, the Board members from South Africa and Denmark among others stressed that the investment guidelines were the single most important GCF policy to show how the Fund will be distinct and different from existing funds and commercial funders with the South African Board member criticizing that the proposed approach was too mainstream and more focus was needed on affecting behavioral changes at the level of funding intermediaries. The Board member from Norway advocated for results-based financing and its integration in the GCF investment criteria as a key approach to incentivize such change. Several Board members urged a further elaboration of the paradigm shift potential criterion with the Board member from Germany, supported by his colleague from Switzerland, proposing to link this criterion explicitly to the recommendations of the recent IPCC report for pathways limiting global warming to under 2 degree centigrade. Such an approach, in Germany's view, was incompatible with fossil-fuel investment funding by the GCF. The Board member from France also supported an exclusion-list approach of sectors not to be funded by the GCF, while the Board member from China stressed that the investment criterion focusing on the paradigm shift potential should be technology- or source-neutral with the Japanese Board also questioning such an approach focused primarily on carbon intensity. In the small group discussions this was resolved by including in the investment guidelines approved a reference to "global low-carbon development pathways, consistent with a temperature increase of less than 2 degrees" as an elaboration for the paradigm shift potential criteria, a reference, as the Danish Chair of the small group stressed, that did not employ a preferred technology or source.

The demand to ensure that competitive approval of GCF investments would be operationalized in the Fund's investment guidelines was brought up forcefully by the Board member from the United States with support from his colleagues from Australia, Japan, France, Norway and Switzerland. As a way to ensure fair competition and high quality of funding proposals, the US representative suggested to group countries by dividing them for adaptation and mitigation investment proposals in two categories each, for example into small emitters and large emitters, and to develop a scoring system giving different weights to various investment criteria and sub-criteria. The issue of weighting and competitive scoring proved contentious in the small group discussion with disagreement less about whether weighing and scoring was advisable then how it should be accomplished and whether an investment framework decision in Songdo should explicitly refer to it. The Board members from Barbados and South Africa felt further work supervised by the Investment Committee was needed and underlined that such an approach would have to based on methodologies to ensure selection of the best quality projects and programs from among comparable proposals in comparable circumstances, a language reflected in the final decision text.

Several Board members (from Sweden, Egypt, Brazil and the DRC) took issue with a proposed investment criterion on economic efficiency, criticizing it as too narrow with some suggesting that is was not reflective of the need of GCF investments to also focus on the broader context of sustainable development and social and environmental benefits for affected communities and supporting stakeholder involvement. The Board member from Australia also reminded his colleagues to ensure that the GCF investment policy and criteria take into account the mandate for a gender-sensitive approach to GCF funding. Some of these concerns were addressed in the small group discussions and in the finally approved initial investment guidelines through a re-categorization of the proposed investment criteria. The originally proposed investment criterion on economic efficiency was relabeled as efficiency and effectiveness criterion looking at both financial and non-financial aspects of efficiency but also retaining a focus on-co-financing and industry best practices. In the country-ownership criterion, engagement with civil society organizations and other relevant stakeholder was added as a coverage area. While originally sustainable development impact was characterized as a sub-criteria under the impact potential and referenced under the paradigm shift potential, in the final version it was categorized as separate investment criterion with environmental, economic and social co-benefits and gender-sensitive development impacts as explicitly defined coverage areas. Whether this constitutes an upgrading or downgrading of the sustainable development potential of GCF investment proposals will depend on how much weight this criterion is accorded in a possible scoring system. Some Board members had actively argued for removing reference to sustainable development impacts from the paradigm shift potential criterion, arguing as the Board member from Denmark reported from the small group, that it would otherwise “overpower the paradigm impact”.

For civil society, its active Northern observer strongly advocated driving up the quality of GCF funding by translating key elements of the Fund’s Governing Instrument, such as its calls for programmatic approaches, gender-sensitivity and stakeholder engagement, into sub-criteria of the investment guidelines as well as establishing an exclusion list of non-fundable technologies and sectors. He also reminded Board members that GCF funding was part of the UNFCCC mandated transfer of funding for climate action from developed to developing countries with an obligation for full-cost grant financing a significant part of Fund’s investment strategy and policies. For the private sector, the Northern active observer referred to the recommendations of the PSAG and warned that the proposed investment approach was too conservative, saying “the same old vanilla AAA-rated investments will not get us to the paradigm shift”. He urged Board members to look at the GCF investment framework from the perspective of market opportunities for the GCF, including by aggregating small-scale opportunities and allowing for different investors with different risk appetites to come in.

Throughout the discussions on the investment framework, Board members strongly disagreed on how to best account for the need of the recipients in the initial investment guidelines and criteria and whether to look at need country-wide or only of specific affected population groups or both. In the proposed investment guidelines that the Board considered, the income level of the affected population was included in an investment criterion on needs of the beneficiary country. While for example the Board member from Sweden proposed to look at both the income level of countries and their development level, others advocated for either one or the other. Additionally, the Board member from Bangladesh urged to consider the size of a country’s population. And the representatives from France and the DRC suggested to also pay attention to the level of a recipient country’s indebtedness. In contrast, the Chinese representative wanted the reference to income levels stricken in favor of one to development levels with his Saudi-Arabian colleague also suggesting to stay away from discussing income levels in this context. This was emphatically opposed by the Board members from Sweden, the UK, Norway, Germany, the DRC and Zambia, who indicated that they would not be able and willing to support a decision on the investment framework without some reference to differences in countries’ economic strength and the income level of affected populations. A second revised version of the decision text brought to the full Board on the fourth day of the meeting had stricken any reference to income levels. Ultimately, in the final version of the decision, Board members agreed on a compromise wording which referred instead to “economic and social development level of the country and the affected population” as a coverage area under an investment criterion on needs of the recipient. It also introduced both vulnerability of the country and of vulnerable groups and gender aspects as coverage areas to be taken into account in investment decisions, which the Board member from Barbados especially welcomed, citing the special characteristics of SIDS, including their small population size.

The decision from Songdo also sets 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. It expands them by including a reference to sufficient support for readiness and preparatory activities associated with the other portfolio targets, which the Board members from Barbados and Egypt had asked for. Decision B.07/06 requests that the Investment Committee, with support from the Secretariat and considering recommendations from the PSAG, develop for decision at the 8th meeting in mid-October definitions for activity-specific sub-criteria and indicators taking into account the initial results management framework and the Paris allocation decision, but also the Bali decision B.06/07 on gender and future decision on additional results areas for adaptation. The latter two had been dropped from the Songdo agenda to focus on completing the essential requirements. The Investment Committee is also supposed to prepare for the Barbados meeting “a comparison of methodologies to assess the quality and innovativeness of comparable proposals in comparable circumstances.” That work at the request of developed country Board members will include a look at experiences with weighting and scoring of proposals in competitive approval processes. The Secretariat is to prepare a document for Barbados on what support it might need – in additional staff or structures or expert advice – to be able to assessment future project and program proposals against detailed initial GCF investment guidelines to be further refined. In this context, several developed country Board members, including from the United States and Germany asked for a significant role for a Technical Advisory Panel (TAP). This initial investment framework is to be kept under review with action to be taken as necessary particularly for any revision on the criterion of needs of the recipient countries in the investment guidelines.

Ultimately, the Board in approving an initial investment framework for the GCF, decided that the Fund’s initial activity-based investment guidelines are composed of the following six criteria and 25 coverage areas as shown in the table below:

Table 3: Initial criteria for assessing project and program proposals

Criterion	Definition	Coverage area
Impact potential	Potential of the program/project 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.

Structure of the Fund, including the Structure of its Private Sector Facility

At its 4th Board meeting in Songdo, the GCF Board in Decision B.04/09 outlined that the initial structure and organization of both the Fund and the Secretariat should be thematic, with a Private Sector Facility (PSF), a strong country and programmatic focus, as well as "internal coherence and linkages, and the flexibility to evolve over time." At the next Board meeting in Paris, the Board then decided the initial structure of the Secretariat with five divisions, focusing on country programming; mitigation and adaptation; the PSF; support services; and external affairs respectively, overseen by the Executive Director (Decision B.05/10). Paris Board decisions also set up a number of Board committees and panels (Decisions B.05/12-13) and formally established the Independent Secretariat by terminating the interim arrangements and formalizing the Secretariat's move to Songdo, South Korea and by setting an indicative staffing goal for the recruitment of its staff (Decision B.05/11).

In Bali, the Board only discussed a progress report by the Secretariat[34] during the informal first day. Board members then expressed different views, specifically on how to balance the efficiency of decision-making (which could entail some delegation of decision-making powers to the Secretariat as proposed in the progress report then) with strong Board-driven governance and oversight of the GCF which mostly developing country Board members favored. With many still moving parts (for example the structure of the PSF is not yet clearly defined) a number of Board members felt that a revised report for decision in Songdo should focus just on delivering a short description of the outlines of the Fund in order to fulfill the essential requirement for resource mobilization efforts to begin.

The revised report presented to the Board in Songdo[35] basically provided an overview over the evolving structure of the Fund based on the mandates of the GCF Governing Instrument, previous decisions by the UNFCCC Conference of Parties (COP) from COP17 to COP19 as well as prior Board decisions starting with its 2nd Board meeting. It outlined in some detail the responsibilities of the GCF Board and Secretariat respectively as the two core governance components of the Fund, with the Trustee playing no role in the operational direction of the Fund while independent accountability units provide crucial review and redress, evaluation and integrity control functions. In between Board meetings, the Co-Chairs act as the link between the Board and the Secretariat and are to provide guidance to the Secretariat on core strategic matters. The Board organizes itself in a number of specialized committees and panels (on risk management and investments, ethics and audit matter, the private sector advisory group and the Board team on accreditation, whose composition and functions are listed in the report). The Executive Director, who is appointed by and accountable to the Board, oversees the operation of the Secretariat, including staff selection. The report detailed indicative staffing allocation and key responsibilities of the initial staff of less than 50 persons that the Board approved in Paris. It also highlighted the functions of and ongoing efforts for establishing National Designated Authorities and country focal points. As of early July 2014, the GCF Secretariat has received 33 designations.[36] Additionally, it provided an overview over ongoing efforts to establish an accreditation framework for implementing entities and intermediaries as well as ongoing deliberations about work to operationalize the Fund's access modalities and its approval process, in which implementing entities and intermediaries play a significant role.

In the discussion of the paper by the full Board in Songdo, several developed country Board members from the United States, the UK, the Netherlands and Germany complained about a lack of a section on the Fund's PSF in the document, specifically its importance for the Fund and how it relates to initial funding windows for mitigation and adaptation, which were also not detailed in the report. Those members felt that without such an explicit description, the structure of the GCF was incomplete and thus the essential requirement could not be fulfilled. The American Board member also argued that in order for the paper on the Fund's structure to have legal standing and fulfill the essential requirement, it would need to be approved by the Board, not just taken note of as was originally proposed. Board members indicated that the decision should acknowledge the evolving structure of the Fund, including its PSF, and incorporate recommendations by the Private Sector Advisory Group (PSAG) on the PSF's structure.

From developing country side, Board members' main objections focused on Secretariat staffing decisions as well as the process of decision-making in between Board meetings. The Chinese representative sought clarification on the latter, signaling in the view of the Board member from Egypt a need to develop clear guidelines for decisions in between Board meetings, with Board rules of procedure currently giving significant leeway to the Board's co-chairs to determine when such decisions on a no-objection by Board member basis can be sought. With respect to the staffing of the Secretariat, the Board member from India urged to ensure that geographical balance of Secretariat staff, specifically through an improved representation of nationals from developing countries with first-hand on the ground experiences, is guaranteed. He was particularly worried about a perceived over-representation of current staff and consultants with prior MDB experience in the Secretariat at a time when crucial decisions are taken. For the Secretariat, Executive Director Hela Cheikhrouhou confirmed that in hiring the permanent staff for the Secretariat geographical and gender balance will be considered as well as additional recommendations from the Board. Lastly, the Board member from Egypt missed a reference to the COP16 Cancun agreement establishing the GCF as being accountable to and functioning under the guidance of the COP and asked for it to be added to the decision.

For the active observers, the Southern private sector representative stated that the structure of the PSF was less critical than a guarantee of rapid processes, such as direct engagement with the private sector and delegation of decision-making authority to private sector actors within programs for intermediaries and implementing entities. The Southern active civil society observer in contrast expressed some concerns about such a delegation (suggested in para. 87) and wished for more elaboration on how the adaptation and mitigation windows relate to the PSF. She agreed with concerns about a lack of diversity of expertise and backgrounds among current temporary GCF Secretariat staff and consultants, and urged a clear determination of the roles and accountability of consultants.

The Board approved a revised version of the Songdo report[37] with added sections on the adaptation and mitigation windows and the PSF respectively and included a reference to the UNFCCC Cancun Agreements (Decision 1/CP.16) in the list of decisions determining the evolving structure of the GCF. Decision B.07/07 also mandates a review of the structure of the Fund and the Secretariat no later than three years after the initial resource mobilization of the Fund in early 2018. The Board commits to fully implement prior decisions on the PSF (decision B.04/08) and the structure and organization of the Fund (decision B.04/09, referenced in the beginning of this section) from the 4th GCF Board Meeting taking into account recommendations by the PSAG on enhancing the structure of the PSF. Specifically, decision B.04/08 established the PSF as an integral part of the Fund under the guidance and authority of the Board working initially through intermediaries and implementing entities but over time directly with private sector actors. It also set up the PSAG to ensure "Fund-wide engagement with the private sector and modalities to that end."[38]

Initial Modalities for the Operation of the Fund's Mitigation and Adaptation Windows and its Private Sector Facility

The initial modalities for the operation of the Fund's windows and the PSF, part of the eight essential requirements for resource mobilization to start, are not a distinct single set of issues to be addressed separately but rather the summary of previous and still outstanding decisions on various elements of the Fund's operationalization drawing on the Governing Instrument, COP decisions and previous GCF Board decisions. For the 5th GCF Board meeting in Bali, the Secretariat had prepared a paper for Board consideration and decision[39] which made the attempt to put the separate puzzle pieces of individual decisions on operational elements of the GCF together and show what the big picture and *gestalt* of a functioning GCF would look like. Board members in Bali welcomed the paper then as a good overview, but noted also gaps, such as missing elaborations on the workings of the adaptation and mitigation windows and the PSF – their structure, how they interact, or eligibility criteria for recipient countries to access funding under each. In Bali, the Board did take a decision (B.06/04), acknowledging 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 Songdo meeting and decided that a conclusion to the initial modalities could only be reached at the end of the 6th Board meeting. In addition, modalities for the PSF were to be developed for Songdo based on the recommendations of the PSAG.

The revised modalities paper in Songdo[40] was structured to fill in the details along the lines of the rudimentary operational modalities for the GCF that the Governing Instrument lays out in section V but also added text segments on financial inputs and instruments for the GCF. The paper thus described the distinct steps and operational set-ups and structures necessary and their workings and interactions to channel and track GCF resources, from the designation of National Designated Authorities (NDAs) or focal points serving as key interlocutors of recipient countries with the Fund to accrediting implementers and intermediaries, setting theme-based and activity based allocation frameworks and identifying criteria for the approval of investment decisions for programs and programs to the terms and conditions of the financial instruments provided to implement those activities and finally to the measuring of results of GCF actions in the aggregate and for individual projects.

Reacting to the paper in Songdo, the Board members from Australia, the United States, Japan and the UK felt that there were too few details on the PSF, criticizing that they still missed a sense of how this important component of the GCF would work. These speakers urged to strengthen a decision on the initial modalities by taking note of recommendations of the PSAG for the development of the PSF in line with the Bali decision. The Board had earlier in the meeting been briefed about the work of the PSAG and its report with suggestions on the operationalization of the PSF. However the full Board at this point had not yet had a chance to consider or debate the PSAG report. The Board member from Egypt thus rejected any attempt to give the PSAG report and its recommendations for the PSF formal standing as a Board decision in conjunction with the modalities paper without time for consultation with home constituencies and more in-depth review. He also pointed out that the operational modalities for the adaptation and mitigation windows also lacked detailed description, but acknowledged that this was the accurate reflection of what the Board has done so far to operationalize the GI. He pleaded therefore with his colleagues to revise the initial modalities within a short-time frame to reflect future Board decisions.

Songdo decision B.07/08 on the initial modalities for the Fund's windows and its PSF takes note of the paper and acknowledges the evolving nature of the Fund's modalities. It therefore decides to undertake a review no later than three years after the initial resource mobilization for the Fund, which would be in Spring 2018. At the 8th Board meeting in Barbados in mid-October, the Board will consider further modalities for the PSF, including how to mobilize private sector resources at scale, how to promote the participation especially of local and small and medium-sized enterprises 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 Board will then also formally consider the first PSAG report and the group's recommendations on how to implement the Paris decision.

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"*[41] with a set of recommendations on how the gender dimension could be addressed and integrated in operational modalities and policies of the Fund. It made the case that the GCF has an important opportunity to discuss the merits and elements of a gender-sensitive approach in the GCF in conjunction with ongoing Board discussions and decisions on operational building blocks of the GCF business model including the essential requirements for initial resource mobilization, and thereby can become the first climate fund that comprehensively addresses gender from the very outset of its operations. Observers from civil society and international organizations have likewise offered suggestions for the integration of gender equality considerations into GCF operational policies since the first GCF Board meeting (for a summary of key recommendations on policies discussed at the 7th Board meeting in Bali, see Annex III). 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[42] 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 with a draft which 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 Songdo 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. It is unclear whether both will be prioritized as agenda items for the 8th GCF Board meeting. 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. Board decision documents prepared for Songdo 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. Developing the Fund's gender policy conjointly with a further elaboration of the initial operational essential modalities set at the Songdo meeting is therefore crucial for operationalizing the GCF's gender-sensitive approach. The work program for the full operationalization of these initial operational modalities approved in Songdo and Bali will also inform the still to be developed gender action plan. An in-depth analysis of the status of mainstreaming gender into the GCF after the 7th GCF Board meeting identifies some critical next steps for consideration and decision at the 8th Board meeting, including, probably most importantly, the development of gender-responsive indicators which have to go beyond a narrow focus on gender-disaggregating data but need to include also a qualitative assessment of Fund activities' contribution to gender equality as a way for more efficiency and effective mitigation and adaptation action.[43] Such gender-informed quantitative and qualitative measurement is crucial for both the results management framework and the investment framework. In both areas, the decisions from Songdo request the Secretariat to do further work on coherent sets of indicators for investment sub-criteria and results management for Fund-wide activities respectively for the upcoming 8th Board meeting in Barbados.

Status of Resources

The Board only took note, but did not discuss a report that the World Bank as Interim Trustee prepared for the Songdo Board meeting on the financial resources available in the GCF Trust Fund[44]. It shows that as of March 31, 2014, the GCF Trust Fund has received pledges and contributions from 16 countries (Australia, the Czech Republic, Denmark, Finland, France, Germany, Indonesia, Italy, Japan, Korea, Netherlands, Norway, Poland, Sweden, Switzerland and the UK) totaling US$ 54.89 million, with contributions received from 13 countries totaling US$ 36.69 million. Since the last status report, the GCF Trust Fund received about US$ 3 million in additional contributions, with Germany transferring the last EUR 1 million of its substantial contribution of EUR 17 million for readiness and preparatory support, while South Korea's promise of US$ 11 million for the same purpose has yet to be received. Germany is currently by far the biggest contributor to the GCF Trust Fund with US$ 24.33 million. Since the last report, Denmark (with DKK 3.6 million or about US$ 653,000) and Japan (with US$ 1 million) have also contributed to the administrative expenses of the Fund, while the UK has formalized a contribution agreement for GBP 2.5 million additionally. In Songdo, the Board member from France confirmed that his country was ready to sign a new contribution agreement for a further EUR 1 million (or roughly US$ 1.3 million) for the GCF Trust Fund. Partial or full pledges have yet to be fulfilled from Indonesia, Italy, Poland, Sweden and Switzerland. And obviously, there are a number of developed countries who have not yet pledged anything at all to the GCF Trust Fund.

The received contributions to the GCF Trust Fund are currently not enough to cover cumulative funding decisions that the Board already made by December 31, 2013. These amounted to US$ 54.89 million and included US$ 18.82 million for the administrative budget for the Board, Secretariat and Interim Trustee until December 31, 2014, as well as US$ 27.57 million in future commitments toward staff salaries and related costs for the Secretariat staff, many of whom are in the process of being hired with three-year contracts, for the period through 2017. Even with the receipt of all outstanding pledges of roughly US$ 15 million, there is little room in the GCF Trust Fund to support additional GCF funding decisions. There is hope however that with the start of the initial resource mobilization process end of June 2014 the GCF

Trust Fund will grow significantly and fast, provided that countries pledging are following through quickly with their contribution payments.

Table 4: Status of pledges & contributions to the GCF Trust Fund, as of May 21, 2014

Country	Pledges (US$ '000s)	Deposited (US$ '000s)
Australia	513	513
Czech Republic	300	300
Denmark	1,261	1,261
Finland	648	648
France	326	326
Germany	24,330	24,330
Indonesia	250	--
Italy	690	--
Japan	1,500	1,500
Korea	14,158	3,158
Netherlands	966	966
Norway	1,402	1,402
Poland	unknown	--
Sweden	3,053	1,511
Switzerland	566	--
United Kingdom	770	770
TOTAL (as of March 31, 2014)	54,893	36,685
France	1,370*	---
NEW TOTAL *(reflecting updated information as of May 12, 2014, shared in Songdo)*	56,263*	36,685*

*NOTE: * denotes updated information at 7th GCF Board meeting in Songdo, South Korea. France confirmed an additional contribution of EUR 1 million (which translated into roughly US$ 1.37 million with the exchange rate on May 21, 2014, the last day of the Board meeting). Source: Document GCF/B.07/Inf.04, May 1, 2014, "Green Climate Fund Trust Fund Financial Report" and author notes*

The Board also took note of a report on the administrative budget of the Fund from January 1 to March 31, 2014.[45] At its meeting in October 2013 in Paris, the Board had approved an administrative budget for the year 2014 of up to US$ 18.82 million based on funds available in the GCF Trust Fund. The Board also approved from resources available or to be made available in the GCF Trust Fund the budget cost of Secretariat staff salaries and entitlement for a three year contract period projected to be US$ 12.04 million for 2015, US$ 12.4 million for 2016 and US$ 3.13 million for 2017.

In the first three months of 2014, the total expenditures of the Fund amounted to US$ 1,452,744, which was lower than originally projected. The main reasons for the savings were that the government of Indonesia as host of the 6th GCF Board meeting absorbed the cost for the venue and related logistical services for that event. In contrast, the costs for the 7th GCF Board meeting, which was held in Songdo, South Korea, were covered mainly from the administrative budget of the Fund. Also, Board committees, panels and groups did not meet during the first three months. However, the biggest reason for the actual underspending was the continued delay in filling GCF Secretariat staff positions and relying instead on part- and full-time consultants, many of whom worked remotely. The expenditures in the administrative budget of the Fund are bound to increase significantly with staff positions filled; also, costly investments in IT equipment and contractor services will have to be made to prepare the headquarters building for hosting future GCF Board meetings in the G-Tower. Hopefully, the Secretariat will spend the necessary amount to prepare the GCF Board room technologically for live webcasting as part of this preparation process.

Table 5: Total GCF administrative budget expenditures from November 1, 2012 until March 31, 2014 (in US$)

	Approved Budget (11/1/2012 -- 12/31/2013)	Actual expenditures (11/1/2012 – 12/31/2013)	Difference (approved + actual) (by 12/31/2013)	Approved Budget (1/1/2014 – 12/31/2014)	Actual expenditures (1/1/2014 – 3/31/2014)
1.Board					
1.1.Board Meetings	954,000	286,614	667,386	1,052,000	333,624
1.2 Board Ctes, panels &working groups	382,000	0	382,000	170,000	--
1.3 Co-Chairs and Board representative travel	n/a	n/a	n/a	22,500	--
Sub-total Board	*1,336,000*	*286,614*	*1,049,386*	*1,244,500*	*333,624*
2. Secretariat					
2.1. Salaries, Wages & Consultancies	4,116,000	3,516,435	599,565	11,806,666	948,824
2.1.1. Executive Director	121,000	121,000	0	n/a	n/a
2.2. Travel (Board Meetings & consultations)	315,000	417,217	(202,217)	450,000	37,678
2.3. General operating & IT costs & contractual services	1,175,000	256,200	918,800	4,874,000	22,618
Sub-total Interim Secretariat	*5,606,000*	*4,189,852*	*1,416,148*	*17,130,666*	*1,009,120*
4. Interim Trustee					
4.1. Financial & program management	400,000	n/a	n/a	n/a	n/a
4.2. Investment Management	11,000	n/a	n/a	n/a	n/a
4.3. Accounting & reporting	76,000	n/a	n/a	n/a	n/a
4.4. Legal services	172,000	n/a	n/a	n/a	n/a
4.5. IT systems	30,000	n/a	n/a	n/a	n/a
Sub-total Interim Trustee	*689,000*	*294,959*	*394,041*	*442,400*	*110,000*
GRAND TOTAL	***7,631,000***	***4,771,425***	***2,859,5755***	***18,817,566***	***1,452,744***

Sources: Document GCF/B.01-13/Inf.02 "Status of Resources" (as of February 24, 2013); Document GCF/B.05/Inf.03 "Status of Resources" (as of September 17, 2013); Document GCF/B.06/Inf.03 "Status of Resources (as of February 14, 2014); and Document GCF/B.07/Inf.03 "Report of the Administrative Budget of the Fund for 1 January to 31 March 2014" (as of May 8, 2014)

Confirmation of the Completion of the Essential Requirements and the Commencement of the Initial Resource Mobilization Process

In Paris, the Board adopted Decision B.05/17 on resource mobilization, which mandated that the GCF's initial resource mobilization process would commence as soon as possible, but no later than three months after a set of eight operational modalities considered by the Board to be essential requirements for the Fund to receive, manage, program and disburse financial resources had been met. Those eight essential requirements included the six operational policies that were the focus of the Songdo Board meeting (namely the initial frameworks for accreditation, risk management, investment and results management as well as the proposal approval process, the structure of the Fund and the modalities for GCF's adaptation and mitigation windows and the PSF), as well as the two the Board completed already at the 6th Board meeting in Bali (the allocation framework and the terms of reference for the Fund's three independent accountability mechanisms). In Songdo, as the last scheduled decision, the Board had to formally confirm that the eight essential requirements have been fulfilled. The draft decision also laid out the contours of the initial resource mobilization process by setting a date for its start, determining the nature and participation of the contributor meeting(s) and by requesting the Secretariat to make the necessary rearrangements. A short Board paper presented in Songdo[46] proposed a first meeting as early as end of June 2014, suggested to invite interested public contributors with expressed intent to contribute at least US$ 5 million within a week after the Songdo Board meeting, and recommended to gain the support of a prominent person to moderate the likely several contributor meetings of the initial mobilization effort. Its rules were to be decided by interested contributors at their first meeting.

Reacting to the proposed process by reminding their developed country Board colleagues that the capitalization of the GCF was not development aid, developing country Board members from South Africa, Samoa, China, Belize, the DRC, Egypt, India, Ecuador and Brazil criticized that focusing the meeting participation on contributors only disempowered the Board in the process, who had a right to a full engagement, and thereby undermined the spirit of the partnership with developing countries and multilateralism. From the Samoan representative came the suggestion to add a paragraph to the decision that would involve six Board members from non-contributing recipient countries, one each from Asia-Pacific, Africa, Latin America and the Caribbean, the SIDS, LDCs and one representing countries not covered by the other seats, in the initial resource mobilization meetings. Developing country Board members also felt strongly that a clear time-line for the process with an end-date was needed which related to the climate negotiations in the UNFCCC setting and the upcoming COP in Lima. Board members from China, Egypt and India specifically stressed the need to set a clear money figure as mobilization goal as had been the case in other capitalization or replenishment efforts, for example in the CIF, for the GEF or the Montreal Fund. The sense of urgency to fill the empty shell that is currently the GCF was expressed by the Board members from Zambia, South Africa and Egypt reacting to suggestions to start with the first contributor meeting only after a summer break with the Egyptian Board member pointing out that “climate change does not take summer vacations”. He called for a minimum US$ 30 billion over three years, equivalent to the fast-start commitment from 2010-2012 as initial contributions the resource mobilization process should be striving for. From the Southern active civil society observer came a passionate plea that after so many hurdles in the form of essential requirements now was the time to show the Fund’s scale and ambition by going beyond the fast start financing commitment for the initial resource mobilization for the Fund.

From developed country side, the Board members from Switzerland and the United States questioned whether a quick start to the process with a meeting by end of June was feasible, while Board members from France, Japan, Norway and Germany suggested that the process can be quick and efficient with an early start, especially if GCF resource mobilization is seen as a two-stage process to address the possible trade-off between speed, ambition and efficiency. The Board members from Hungary, the United States and France urged to open the first contributor meeting to the non-governmental, particularly the private sector, a sentiment also expressed by the Board member of Belize. On the scale of the Fund, the Board member from Norway confirmed that his government saw the GCF as the main channel for the long-term finance commitment of US$ 100 billion per year by the year 2020. The Danish Board member reiterated a link between the attractiveness of the Fund and its size, but he also hinted at the need to discuss a fair-burden sharing among contributors.

Most Board members in their intervention agreed that involving an eminent person in the stewardship of the process was a good idea, but professed some questions and sought clarification about what profile and characteristic such a person should have. Board members disagreed on whether there should be a minimum for a country’s contribution and if so, whether US$ 5 million was the right amount, with the Board member from France feeling that it was just about right, his Japanese colleague pointing out that in order to encourage and allow many more country contributions no minimum was preferable, and the Board member from Switzerland arguing that for ambition of scale of the Fund US$ 5 million as minimum contribution was really too low. He brought up the possibility of allowing for tranched contributions as a way to increase a single country’s input into the GCF Trust Fund.

The draft decision was then sent into small group deliberations for facilitation, coming back in a revised version toward the end of the last day of the Songdo Board meeting. Changes to the initially proposed decision text and annex included a reference to the fact that while the essential requirements of the Fund have been met, the Fund’s procedures, policies and frameworks are still evolving. It stated that pledges should be made by the end of November 2014 when the final meeting would be held while noting that the initial resource mobilization process could continue beyond the date. The revised decision also drops the reference to the minimum contribution size. The Board Co-Chairs were asked to extend an open invitation to all potential contributors to the initial resource mobilization of the Fund, including from the private sector and philanthropic organizations, within a week after adopting the decision. Contrary to the first version, now the Board will consider the policies for contributions based on recommendations coming from a first contributor meeting which is to take place before the end of June and will be open to participation to the Board Co-Chairs, four Board members (two developed/two developing) as well as one active observer each from civil society and private sector in addition to the contributors. Reacting to this proposal, several developed country Board members objected to having a final meeting date set at this point, with the Board members from Japan and the United States arguing that this could “crowd out” contributors who might be discouraged from contributing if not able to have their say in a contributor meeting. On the question by the Board members from Switzerland and the UK whether it would be really useful to issue the invitation to potential contributors so short-notice, the Fund’s Executive Director Hela Cheikhrouhou clarified that the first meeting should be set over two days in early July and to not delay until after the summer break. The Board member from Saudi-Arabia was unhappy with the proposed reduction of participating Board members to only four plus the two Co-Chairs, while the Board member from Egypt wanted to see the Executive Director added to the list of meeting participants and his colleague from Indonesia sought clarification on how the Secretariat would engage with contributors from developing countries. Lastly, the possible open-ended nature as well as the continued lack of an indicative financial goal for the initial resource mobilization process was criticized by the Egyptian Board member who felt that a further proposed revision to the decision text that would allow for the initial resource mobilization process to continue beyond November 2014 would render that decision without ambition, expectation and aim.

Songdo Decision B.07/17 was then adopted. It confirms that the eight essential requirements set at the Paris meeting for the Fund to receive, manage, program and disburse financial resources have been met and kick starts the initial resource mobilization process through a collective engagement of potential facilitators, including from the private sector and philanthropic organizations, with a first contributor meeting to take place by the end of June 2014. Contributors at this meeting will recommend policies for contributions to be formally decided by the GCF Board, with the World Bank as Interim Trustee preparing a template for legal arrangements for contributions to the Fund. The meetings will be organized as technical sessions, open to contributors and observers, as well as executive sessions in which only the contributors and the Board Co-Chairs will be allowed with technical support by the Interim Trustee. The Fund’s Interim Information Disclosure Practice decided at the Paris Board meeting (Decision B.05/15, Annex XX) will govern the disclosure of information and documents regarding the initial resource mobilization process, with para.17 of that annex specifying that “[i]nformation and documents regarding the initial resource mobilization for the Fund and the Fund replenishments will be disclosed on the Fund’s website, including the timing of the replenishment, discussion documents for contributors meetings and the final contributors report”, although not necessarily all relevant financial information.[47]

First Meeting of Interested Contributors to the Initial Resource Mobilization Process

A first meeting of interested contributors took place from June 30 to July 1 in Oslo, Norway, attended by senior government officials from 24 developed and developing countries interested in contributing to the Fund, as well as one private sector and one civil society observer each, and chaired by the Norwegian GCF Board member as host. The GCF Board was represented by the Co-Chairs from the Philippines and Germany, as well as by the Board members from Chile and India from developing countries. Several developed country Board members were also present as delegates for their respective governments, including from France, Germany, the UK, Japan, and Sweden. Developing country delegates from Mexico, Peru, Indonesia and South Africa attended a potential contributors. They were joined by the Fund’s Executive Director.

Repeating a key demand from the discussion on commencing the initial resource mobilization (IRM) at the Board meeting in Songdo just two weeks prior, developing country representatives as well as the civil society observer urged to come out of the Oslo meeting with a clear goal of achieving an ambitious scale for the IRM commensurate with the challenges developing countries face in addressing climate change domestically and confirming the GCF as the main channel for the long-term climate finance commitment of US$ 100 billion per year by 2020 and as the cornerstone of 2015 climate agreement in Paris. In contrast, developed country representatives saw the Oslo meeting more as a technical session addressing policies and the template for legal agreements for contributions, but not yet as the place and time for concrete numbers and pledges. In their view, the political momentum and the first opportunity for real numbers converge around the time of the Climate Summit on September 23rd convened by UN Secretary General Ban Ki-moon in New York or even more likely toward the end of the IRM at a final pledging meeting in November (although, in line with the Songdo decision on IRM pledges can be made past November 2014, a flexibility that both the Japanese and the American Board representative in Songdo had been pushing for in an attempt to accommodate domestic political processes and sensitivities).

The participants discussed a policy document (which was not publicly released) in which a number of issues were elaborated, including, how contributions would be paid in, and how to deal with foreign exchange risk and liquidity risk of the Fund to repay possible loan contributions. Other issues discussed in Oslo dealt also with the possibility of a limited form of earmarking – the GCF Board so far had clearly expressed a rejection of earmarking – and the uncertainty about the permanent trustee of the GCF. Currently, the World Bank is serving as the interim trustee for the Fund with its mandate, without extension, running out in April 2015. According to the COP Decision from Durban, the permanent trustee is to be decided in a transparent, competitive and open selection process, which the GCF Board most likely will have to start at its 8th Board meeting in mid-October. Participants of the meeting discussed and apparently agreed also on options for an eminent person and a facilitator for the process – personalities with enough political cloud and experience to negotiate and tactically arm-twist with contributors. The names of the persons on whom the delegates agreed, will be made public once they have accepted their nominations. From the side of European potential contributors, concerns about a fair burden sharing among developed countries had been brought up repeatedly in prior GCF Board discussion. In earlier Board meetings – and according to participants also making a re-appearance at the Oslo initial contributor meeting – the issue of tying voting in the GCF Board to contributions by developed countries into the GCF Trust Fund had also come up before. The GCF Board discussed voting procedures for the Board at the 3rd Board meeting in Berlin in March 2013, but could not find consensus on any of the several proposed options for weighed voting discussed then.

The two day meeting in Oslo ended without any indication of the scale or ambition of the initial capitalization of the Fund. A summary of the discussions from the first IRM meeting will be compiled by the Norwegian Chairperson and circulated to those present for review. The GCF Secretariat will also revise the document on policies for contributions for the next meeting, scheduled for September 8th and 9th, with a final contributor meeting tentatively scheduled for mid-November. It is expected that the Board Co-Chairs and the ED, aided by the eminent person and the facilitator if confirmed by then, will reach out for the next meeting also to non-governmental contributors, especially the private sector and large philanthropic foundations.

While the IRM talks themselves have not yet set a target scale, many prominent voices have already publicly weighted in. For example, following the formal start of the IRM with the GCF Board's adoption of the essential requirements in Songdo, UNFCCC Executive Secretary Christiana Figueres on the sideline of the climate talks in Bonn in early June stated that the initial capitalization of the GCF "should be at least 10 billion USD"[48]. GCF Executive Director Hela Cheikhrouhou in a media interview shortly thereafter expressed confidence that the IRM process could raise "between $10 and $15 billion," to be "easily deployed within three years."[49] Representatives from developing countries and civil society have publicly demanded a minimum of US$ 15 billion in new and additional public funding for the Fund's IRM, with some indicating that replicating the fast-start financing efforts for the GCF initial contribution, namely US$ 30 billion over three years, was more appropriate.

The first important contribution toward the Fund's IRM – and hopefully breaking the logjam of contributor countries waiting for the others to make the first step in pledging – came on July 14th on the sideline of the Petersberg climate dialogue by German chancellor Angela Merkel, who committed "up to € 750 million" or close to US$ 1 billion to the GCF.[50] One billion down, at least 14 more to go…

Election of Co-Chairs and Board Membership

The mandate of the current Board Co-Chairs, Manfred Konukiewitz from Germany and Jose Ma. Clemente Sarte Salceda from the Philippines, will end after one year formally at the conclusion of the 8th GCF Board meeting in mid-October with new co-chairs to be selected by the Board's developing country and developed country constituency before the close of the next meeting. The membership of the Board over the summer will also undergo some changes, with the mandate of several developing country Board members, who are sharing the seat in a grouping with several countries, ending in September. 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. In some developed country Board seats, where two countries are sharing the seat, there are likewise rotations scheduled, with some former alternate members now assuming the principal seat. It is therefore likely that the Board that will convene in October will look quite changed. The Board is also losing some of its members who have been involved in the GCF from its design beginnings in the Transitional Committee, and with it a good part of its institutional memory. As one of the old guard from humble TC beginnings, the Board member from Denmark, Per Callesen, bid farewell at the end of the Songdo Board meeting. In his parting words, he urged his colleagues to continue their work, "a bit bureaucratic and detail-oriented, but at the end of the day always constructive" and not to succumb to the risk of a division between developed and developing countries. He concluded by pointing to the GCF's enormous opportunities, saying "this Fund is too big to fail…" While not yet, this is hopefully a prediction that can be confirmed at the end of the initial resource mobilization process in time for the COP in Lima.

Setting Priorities for the 8th GCF Board Meeting

The deliberate concentration on only the bare minimum necessary to allow the Board to certify the completion of the six outstanding essential requirements for the initial resource mobilization at the Board meeting in Songdo made for a long list of agenda items originally scheduled for consideration in Songdo but then postponed. They included:

- the policies and procedures for contributions;
- additional result areas and indicators for adaptation activities;
- financial terms and conditions of grants and concessional loans;
- a revised program of work on readiness and preparatory support; options for a Fund-wide gender-sensitive approach with a discussion of a draft gender policy and gender action plan;
- additional modalities that further enhance direct access, including through funding entities;
- the complex and very contentious items under country ownership, including the no-objection procedure; best practices for the establishment and composition of National Designated Authorities and focal points; and best-practice options for country coordination and multi-stakeholder engagement;
- the terms of reference for the Appointment Committee of the Board to determine the heads of the GCF accountability units;
- a Fund communication strategy (with a possibility to revisit the Board's previous decision to not allow for live webcasting of its proceedings);
- provisions for legal and formal arrangements with intermediaries and implementing entities, including policies for fees and payments;
- and understanding and defining the alternative sources of financial inputs to the Fund.

Added to this list of postponed agenda items are several issues that will need to be addressed at the last Board meeting of 2014 in October, namely the adoption of the yearly report of the GCF to the COP; the decision on the administrative budget for the GCF for the entire year 2015; and the elaboration of the Board's work plan for 2015. The Board will also have to start the process for a competitive search for a permanent trustee, since the mandate of the World Bank as the GCF's Interim Trustee will run out by April 2015.

If this were not yet enough, a tremendous amount of additional work is needed to clarify and elaborate some of the "bare(ly there) essentials" decided in Songdo, with a fair amount of this work scheduled for the October meeting. All together, these mandates for further work from the recent GCF Board meeting, earlier scheduled decisions postponed until after Songdo, and the time-bound items on the Board's workplan for 2014 add up to as many as 37 separate policy papers for consideration and decision by the GCF Board at its next three-day Board meeting from October 15 – 17 in Barbados. This is a mission impossible – for the Secretariat, which is still not operating under full staff to prepare, and for the Board to decide. Mindful of this dilemma, the Board formally requested the Co-Chairs in Songdo Decision B.07/10 to set the priorities for the next Board meeting in consultation with the Secretariat and the Board's members. As this will be the Co-Chair's last Board meeting in this capacity, it will be their intention to ensure that the collective message that the GCF Board sends in October to the climate summit in Lima, Peru in early December (COP 21) is that the GCF is ready to be the linchpin for a global climate agreement in 2015**.**

ENDNOTES:

Meeting documents for the 7th GCF Board meeting (in the version submitted to the Board pre-Bali, but not yet updated newer versions of some documents) are posted on the GCF website (http://www.gcfund.org/documents/board-meeting-documents.html).

As of July 15, 2014, the summary report of the decisions taken in Songdo is available on the GCF website, while the recordings of the Songdo proceedings were not yet posted.

[1] Songdo Board Document GCF/07/01/Rev.01, "Agenda" (May 18, 2014); available at: http://gcfund.net/fileadmin/00_customer/documents/MOB201406-7th/GCF_B07_01_Rev.01_Agenda.pdf.

[2] The agenda items originally scheduled for consideration at the 7th GCF Board meeting and then postponed were:

- Policies and procedures for contributions;
- Additional result areas and indicators for adaptation activities;
- Financial terms and conditions of grants and concessional loans;
- Revised program of work on readiness and preparatory support;
- Options for a Fund-wide gender-sensitive approach;
- Additional modalities that further enhance direct access, including through funding entities;
- Country ownership, including the no-objection procedure; best practices for the establishment and composition of National Designated Authorities and focal points; and best-practice options for country coordination and mult-stakeholder engagement;
- Terms of reference for the Appointment Committee of the Board;
- Communication Strategy;
- Provisions for legal and formal arrangements with intermediaries and implementing entities, including policies for fees and payments;
- Understanding and defining the alternative sources of financial inputs to the Fund.

[3] "Note by the Co-Chairs on the provisional agenda for the Seventh meeting of the Board"; available at: http://gcfund.net/fileadmin/00_customer/documents/MOB201406-7th/Cover_note_by_Co-Chairs_on_Provisional_Agenda.pdf.

[4] Paris Board Document B.05/24,"Report of the Fifth Meeting of the Board, 8-10 October, 2013"; available at: http://gcfund.net/fileadmin/00_customer/documents/pdf/Report_of_the_Fifth_Meeting_of_the_Board__8-10_October_2013.pdf.

[5] Songo Board Document GCF/B07/Inf.02/Rev.01 "Report on Activities of the Secretariat"; available at: http://gcfund.net/fileadmin/00_customer/documents/MOB201406-7th/GCF_B07_Inf_02_Report_Activities_of_the_Secretariat_rev_01_20140519.pdf. The Secretariat also submitted an update on its engagement with the United Nations to see if it can extend privileges and immunities to GCF Secretariat employs; see Songdo Board Paper GCF/B07/Inf.02/Add.1 "Addendum"; available at: http://gcfund.net/fileadmin/00_customer/documents/MOB201406-7th/GCF_B07_Inf_02_Add_01_-_Report_on_Activities_Secretariat_fin_20140518.pdf.

[6] The note (dated May 21, 2014) was for limited distribution only and is therefore not publicly available on the GCF website.

[7] Ibid.

[8] For information on the GCF national designations, as well as a current list of NDAs and focal points, see http://www.gcfund.org/readiness/designations.html.

[9] 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

[10] 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.
[11] 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 as 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)**.**
[12] 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.
[13] CAO Audit Report C-I-R9-Y10-F135, "CAO Audit of a Sample of IFC Investment in Third Party Financial Intermediaries", October 2012, available at: http://www.cao-ombudsman.org/newsroom/documents/Audit_Report_C-I-R9-Y10-135.pdf**.**
[14] A copy of the letter of Southern civil society groups and network on GCF safeguards is available online at http://www.aida-americas.org/sites/default/files/Letter%20to%20the%20GCF%20Board%20Oct%203%202013.pdf.
[15] 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.
[16] 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 .
[17] Information about the Equator Principles is available at http://www.equator-principles.com/**.**
[18] For a member list of the Equator Principles and reporting requirements, see http://www.equator-principles.com/index.php/members-reporting/members-and-reporting.
[19] A copy of the letter of Southern civil society groups and network asking for an exclusion of fossil-fuel funding in the GCF is available online at http://climatejusticecampaign.org/images/ipcc/gcf/Letter_GCF_FinancingFF_M15.pdf.
[20] See Annex I in Bali Board Document GCF/B.06/08, "Initial Proposal Approval Process, Including the Criteria for Programme and Project Funding (Progress Report", available at: http://gcfund.net/fileadmin/00_customer/documents/pdf/GCF_B06_Proposal_Approval_Process_fin_20140211.pdf.
[21] Songdo Board Document GCF/B.07/03, "Initial Proposal Approval Process, Including the Criteria for Programme and Project Funding", available at: http://gcfund.net/fileadmin/00_customer/documents/MOB201406-7th/GCF_B07_03_Initial_Proposal_Approval_Process_fin_20140508.pdf.
[22] These are found as Annexes I and II to Paris 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.15f.
[23] Bali Board Document GCF/B.06/04, "Initial Results Management of the Fund (Progress Report)", available at: http://gcfund.net/fileadmin/00_customer/documents/pdf/GCF_B0_604_Initial_Results_Management_Framework_find_20140209.pdf.
[24] Songdo Board Document GCF/B.07/04, "Initial Results Management Framework of the Fund", available at: http://gcfund.net/fileadmin/00_customer/documents/MOB201406-7th/GCF_B07_04_Initial_Results_Management_Framework__fin_20140509.pdf.
[25] 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
[26] 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.
[27] 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.
[28] Songdo Board Document GCF/B.07/05/Add.1 "Financial Risk Management Framework – Addendum", available at: http://gcfund.net/fileadmin/00_customer/documents/MOB201406-7th/GCF_B07_05_Financial_Risk_Add1.pdf.

[29] 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.
[30] 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
[31] 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.
[32] 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.
[33] On its website, the IMF offers a concessionality calculator utilizing the IMF methodology; it is available at: http://www.imf.org/external/np/pdr/conc/calculator/default.aspx.
[34] Bali Board Document GCF/B06/12, "Structure of the Fund, Including the Structure of the Private Sector Facility (Progress Report)"; available at: http://gcfund.net/fileadmin/00_customer/documents/pdf/GCF_B06_Structure_of_the_Fund-_Progress_Report_fin_14_Feb_2014.pdf.
[35] Songdo Board Document GCF/B.07/07, "Structure of the Fund and the Secretariat", available at: http://gcfund.net/fileadmin/00_customer/documents/MOB201406-7th/GCF_B07_07_Structure_of_the_Fund_fin_20140509.pdf.
[36] For an updated list of initial NDAs and focal points, see http://www.gcfund.org/readiness/designations.html.
[37] As of mid-July 2014, Board document GCF/B.07/07/Rev.01, "Structure of the Fund and the Secretariat", from May 21, 2014 has not yet been posted on the GCF website. The author has a printed copy of the revised Board document.
[38] See Songdo Board Document B.04/17, "Decision of the Board – Fourth Meeting of the Board, 26-28 June 2013; available at: http://www.gcfund.net/fileadmin/00_customer/documents/pdf/B-04_17_decisions.pdf.
[39] Bali Board Document GCF/B06/02, "Initial Modalities for the Operation of the Fund's Mitigation and Adaptation Windows and the Private Sector Facility"; available at: http://gcfund.net/fileadmin/00_customer/documents/pdf/GCF_B06_Initial_Modalities_fin_20140211.pdf.
[40] Songdo Board Document GCF/B.07/08, "Initial Modalities for the Operation of the Fund's Mitigation and Adaptation Windows and its Private Sector Facility", available at: http://gcfund.net/fileadmin/00_customer/documents/MOB201406-7th/GCF_B07_08_Initial_Modalities_fin_20140512.pdf.
[41] The Danish/Dutch Board seat paper on *"Operationalizing a Gender-Sensitive Approach in the Green Climate Fund"* is available at: http://us.boell.org/sites/default/files/schalatek_burns_gcf_gender-sensitive-approach.pdf.
[42] Bali Board Document GCF/B06/13, "Options for a Fund-wide Gender-Sensitive Approach", available at: http://gcfund.net/fileadmin/00_customer/documents/pdf/GCF_B06_Gender_Options_fin_20140209.pdf.
[43] Heinrich Böll Foundation North America, "Of Promise, Progress, Perils & Prioritization: Gender in the Green Climate Fund", available at: http://us.boell.org/sites/default/files/schalatek_gender_update_gcf_post-bm7.pdf.
[44] Songdo Board Document GCF/B.07/Inf.04, "Green Climate Fund Trust Fund Financial Report", available at: http://gcfund.net/fileadmin/00_customer/documents/MOB201406-7th/GCF_B07_Inf__04_Trust_Fund_Financial_Report_fin_20140501.pdf.
[45] Songdo Board Document GCF/B.07/Inf.03, "Report on the Administrative Budget of the Fund for 1 January to 31 March 2014", available at: http://gcfund.net/fileadmin/00_customer/documents/MOB201406-7th/GCF_B07_Inf_03_Report_onAdministrative_Budget_fin_20140509.pdf
[46] Songdo Board Document GCF/B.07/09, "Confirmation of the Completion of the Essential Requirements and the Commencement of the Initial Resource Mobilization Process", available at: http://gcfund.net/fileadmin/00_customer/documents/MOB201406-7th/GCF_B07_09_Commencement_IRM_fin_20140504.pdf.
[47] See Paris Board Document GCF/B.05/23, "Decisions of the Board – Fifth Meeting of the Board, 8-10 October 2013", Annex XX, para 17, p. 54; available at: http://gcfund.net/fileadmin/00_customer/documents/pdf/GCF_B05_23_Decisions_5th_Meeting_of_the_Board_20131108.pdf
[48] The formal statement of UNFCCC Executive Secretary Christiana Figueres is available at: http://unfccc.int/files/press/press_releases_advisories/application/pdf/ma20142105_cf_gcf.pdf.
[49] An article in Bloomberg online news quoting ED Cheikhrouhou is available at: http://www.bloomberg.com/news/2014-06-04/green-climate-fund-chief-seeks-as-much-as-15-billion.html.
[50] The text of Chancellor Merkel's speech at the Petersberg climate dialogue (in German) is available at: http://www.bundeskanzlerin.de/Content/DE/Rede/2014/07/2014-07-15-merkel-petersburg.html;jsessionid=0F528300150F594D7626F7E317CE97B6.s4t1. A short summary of the speech in English is available at: http://www.bundeskanzlerin.de/Content/EN/Artikel/2014/07_en/2014-07-14-petersberg-klimadialog-merkel_en.html.

ANNEX I

Members of the Board of the Green Climate Fund (as of June 2014)

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. Liang Ziqian	China	Asia-Pacific
4	Mr. Kwang-Yeol Yoo (AM)	South Korea	Asia Pacific
5	**Mr. Ayman Shasly**	Saudi Arabia	Asia-Pacific
5	**Mr. Farukh Iqbai Khan (AM)**	Pakistan	Asia-Pacific
6	**Mr. Jose Ma. Clemente Sarte Salceda**	Philippines	Asia-Pacific
6	**Mr. Dipak Dasgupta (AM)**	India	Asia-Pacific
7	**Mr. Pedro Garcia Brito**	Dominican Rep.	Latin America/ Caribbean
7	**Ms. Audrey Joy Grant (AM)**	Belize	Latin America/ Caribbean
8	**Mr. Sergio Serra**	Brazil	Latin America/ Caribbean
8	Mr. Rodrigo Rojo (AM**)**	Chile	Latin America/ Caribbean
9	**Mr. Angel Valverde Gallardo**	Equador	Latin America/ Caribbean
9	**Mr. Rodrigo Suarez Castano (AM)**	Columbia	Latin America/ Caribbean
10	Mr. David Kaluba	Zambia	LDCs
10	Mr. Mesbah ul Alam (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	Mr. Ewen McDonald	Australia	Australia/ New Zealand
13	Mr. Rod Hilton (AM)	Australia	Australia/ New Zealand
14	Ms. Irene Jansen	Netherlands	Denmark/ the Netherlands
14	n.n.	Denmark	
15	Mr. Arnaud Buisse	France	France
15	Mr. Frederic Glanois (AM)	France	France
16	Mr. Manfred Konukiewitz	Germany	Germany
16	Mr. Norbert Gorissen (AM)	Germany	Germany
17	Mr. Kentaro Ogata	Japan	Japan
17	Mr. Tomonori Nakamura (AM)	Japan	Japan
18	Mr. Henrik Harboe	Norway	Norway/ Czech Republic
18	Mr. Petr Kalas (AM)	Czech Republic	Norway/ Czech Republic
19	Mr. Adam Kirchknopf	Hungary	Poland/ Hungary
19	Mr. Marcin Korolec	Poland	Poland/ Hungary
20	Ms. Ana Fornells de Frutos	Spain	Spain/ Italy
20	Ms. Ludovia Soderini (AM)	Italy	Spain/ Italy
21	Mr. Alexey Kvasov	Russia	Russia/ Switzerland
21	Mr. Anton Hilber	Switzerland	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. David Capper (AM)	United Kingdom	United Kingdom
24	Mr. Leonardo Martinez	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

Letter of Southern Civil Society: No to Fossil Fuel Funding in the GCF

May 14, 2014

Dear Members and Alternate Members of the Board of the Green Climate Fund

We are organizations, movements and communities from developing countries whose citizens bear the brunt of the most harmful consequences of climate change. The Green Climate Fund is of vital concern for us as the mobilization of unprecedented levels of finance is urgently needed as part of an immediate and strategic response to the climate crisis.

All efforts must be made to ensure that climate finance is provided adequately, allocated equitably and used effectively to enable all people (irrespective of gender, class, religion or age), communities and nations to deal with present and future impacts of climate change and to make the systemic transformation necessary to prevent worst-case catastrophes, halt global warming and heal the planet.

We urge you to make it an explicit policy – as part of the Investment Framework and Results Management Framework -- that GCF funds will not be used directly or indirectly for financing fossil fuel and other harmful energy projects or programs. We note with grave concern and alarm how other international financial institutions include these types of projects in their climate and energy financing, under the logic of "lower carbon" energy and switching to "lower emissions" fuels.

Financing any fossil fuels and harmful energy through the Green Climate Fund is unacceptable. It is fundamentally in conflict with the mandate provided by the Governing Instrument for the Green Climate Fund and the principles of the UN Framework Convention on Climate Change.

For the Green Climate Fund to have transformational impact, it should not promote "business- as-usual" energy solutions in the name of providing energy access for all – an important goal that can and must be met through clean energy solutions.

Further, we urge you to adopt an "exclusion list" as part of the Green Climate Fund policies on environmental, social, gender and financial safeguards and protection – a practice of several international financial institutions and national development finance institutions. We stand ready to engage and contribute to the development of such a policy.

Our calls are also strongly endorsed by colleagues and organizations based in developed countries listed after the signatories.

Signatories and Endorsers:

Organizations from Developing Countries and Global South Networks

REGIONAL and GLOBAL SOUTH ORGANIZATIONS

Jubilee South - Asia/Pacific Movement on Debt and Development
LDC Watch
Migrant Forum in Asia
South Asia Peasants Coalition
Third World Network
South Asia Alliance for Poverty Eradication
NGO Forum on the ADB
Asian Indigenous Women's Network (AIWN)
Tebtebba (Indigenous Peoples' International Centre for Policy Research and Education)
No REDD in Africa Network (NRAN)
Pan African Climate Justice Alliance (PACJA)
Friends of the Earth Africa
African Biodiversity Network (ABN)
350.org (Africa and Middle East)

Greenpeace Southeast Asia
CAN South Asia
Interamerican Association for Environmental Defense AIDA
Global Indigenous Peoples Partnership on Climate Change, Forests and Sustainable Development IBON International
GAIA - Global Alliance for Incinerator Alternatives Global
Forest Coalition
Focus on the Global South
Non-Timber Forest Products Exchange Program for South and Southeast Asia
Indigenous Peoples Movement for Self-determination and Liberation (IPMSDL) Asia
Pacific Forum on Women, Law and Development (APWLD)
Friends of the Earth International

NATIONAL ORGANIZATIONS in ASIA and the PACIFIC

BANGLADESH
Bangladesher Jatiyo Sromik Jote-BJSJ
EquityBD Bangladesh
Nabodhara Bangladesh
Unnayan Onneshan Bangladesh
Bangladesh Krishok Federation
Bangladesh Kishani Sabha
Bangladesh Adivasi Samity
Bangladesh Floating Labor Union
Bangladesh Floating Women Labor Union
Bangladesh Rural Intellectuals' Front Biplobi
Jubo Sabha, Bangladesh
Ganochchaya Sanskritic Kendro, Bangladesh
Swadhin Bangla Garments Sramik o Karmochari Federation, Bangladesh
Nabodhara, Bangladesh
VOICE, Bangladesh
Online Knowledge Society, Bangladesh
Maleya Foundation, Bangladesh
Coastal Livelihood and Environmental Action Network (CLEAN), Bangladesh

CHINA
Greenovation HUB

EAST TIMOR
Haburas Foundation/Friends of the Earth East Timor

INDIA
Indian Social Action Forum
Kerala Independent Fishworkers Federation
India Environics Trust
mines minerals & People (mmP)
Himalaya Niti Abhiyan (NHA) Keystone
Foundation, India
PAIRVI (Public Advocacy Initiatives for Rights and Values in India) Beyond
Copenhagen Collective
Himal Prakriti
River Basin Friends, Northeast India
Bharat Jan Vigyan Jatha (India People's Science Campaign)
Centre for Community Economics and Development Consultants Society Gujarat
Forum on CDM
Water Initiatives Odisha National Hawkers Federation
INDONESIA
AKSI Indonesia

Koalisi Anti-Utang Indonesia
KRUHA Peoples Coalition for the Right to Water Indonesia
Solidaritas Perempuan Indonesia
Indonesia Civil Society Forum for Climate Justice
debtWATCH Indonesia
Gema Alam West Nusa Tenggara - Indonesia
Institute for Essential Services Reform (IESR)
WALHI / Friends of the Earth Indonesia
Mining Advocay Network, JATAM, Member of CSF-CJI
Manikaya Kauci Foundation, Indonesia
Non-Timber Forest Products Exchange Program Indonesia

REPUBLIC OF SOUTH KOREA
Transparency International Korea Chapter
Energy and Climate Policy Institute for Just Transition, South Korea
Green Environment Youth Korea

MALAYSIA
Friends of the Earth Malaysia
SAVE Rivers Network Sarawak, Malaysia

NEPAL
All Nepal Peasant Federation
All Nepal Women's Association
Jagaran Nepal
Rural Reconstruction Nepal
Campaign for Climate Justice (CCJN), Nepal
Jeunes Volontaires pour l'Environment Nepal (JVE-NEPAL)
Garjan.Org, Nepal
National Forum for Advocacy, Nepal (NAFAN)
South Asian Dialogues on Ecological Democracy (SADED)

PAKISTAN
Pakistan Fisherfolk Federation
Pakistan Kissan Rabita Committee, Pakistan

PHILIPPINES
Freedom from Debt Coalition
Philippine Movement for Climate Justice
Aksyon Klima Pilipinas,
Ateneo School of Government
Institute for Climate and Sustainable Cities
Sanlakas
Kalayaan
WomanHealth Philippines Partnership
for Clean Air (PCA) Inc.,
Philippines Rural Reconstruction Movement (PRRM) Ecological
Society of the Philippines
Alyansa Tigil Mina, Philippines
Makabayan Pilipinas
Partido ng Manggagawa (Labour Party of the Philippines)
Bukluran ng Manggagawang Pilipino (Solidarity of Filipino Workers)
PhilNet-RDI at PRDCI
Green Convergence for Safe Food, Healthy Environment and Sustainable Economy
Coastal Core, Inc., Sorsogon City, Philippines.
Miriam P.E.A.C.E.
EcoWaste Coalition, Philippines
NGOs for Fisheries Reform (NFR), Philippines
kitanglad integrated ngos (KIN) Peoples

Movement on Climate Change Koalisyon
Pabahay ng Pilipinas SARILAYA
WWF Philippines
Center for Power Issues and Initiatives
Sagip Sierra Madre Environmental Society, Inc. (SSMESI)
Cordillera Peoples Alliance - Philippines
Network for Sustainable Livelihood Catalysts, Inc. NSLC
Responsible Ilonggos for Sustainable Energy (RISE)

SRI LANKA
National Fisheries Solidarity Movement (NAFSO) Sri Lanka
Center for Environmental Justice/Friends of the Earth Sri Lanka
Janathakshan, Sri Lanka
National Fisheries Solidarity Movement, Sri Lanka

TAIWAN
Taiwan Environmental Protection Union, Taipei, TAIWAN

TAJIKISTAN
Little Earth, Tajikistan

THAILAND
Forest and Farmer Foundation (FFF), Thailand
Thai NGO Committee on Agrarian Reform and Rural Development (ThaiNGOWCARRD)
CAN Thailand
Centre for Community Empowerment for Environmental Rehabilitation, Thailand
Climate Watch Thailand

VIETNAM
350.org Vietnam

NATIONAL ORGANIZATIONS in LATIN AMERICA & THE CARIBBEAN

BOLIVIA
Bolivian platform on Climate Change
Fundacion Solon

BRAZIL
Vitae Civilis, de Brasil
Observatorio do Clima

COLOMBIA
Asociación Ambiente y Sociedad
Dejusticia Colombia

GUYANA
Global Youth Movement - Guyana

HONDURAS
Fundacion De Iniciativas De Cambio Climatico De Honduras
Fundacion MDL De Honduras

MEXICO
Centro de Transporte Sustentable EMBARQ México
Equidad de Género: Ciudadania, Trabajo y Familia, México
Instituto de Políticas para el Transporte y el Desarrollo (ITDP), Mexico

PANAMA
Asociación Ambientalista de Chiriquí

PERU
Citizen Mouvement on Climate Change (MOCICC) - PERU

NATIONAL ORGANIZATIONS in AFRICA

REPUBLIC of CHAD
Association pour le Marketing Social au Tchad

ETHIOPIA
Ethiopian Society for Consumer Protection;
Wolaitta Development Association, Ethiopia
National Food Secuirty and Environment Forum of Ethiopia

THE GAMBIA
Worldview-The Gambia

REPUBLIC of GHANA
Abibimman Foundation, Ghana

GUINEA
Guinée Ecologie

REPUBLIC of DJIBOUTI
Organisation de Bienfaisance et de Développement (Hodagad)

REPUBLIC of KENYA
Jamaa Resource Initiatives, Kenya

MADAGASCAR
Youth Network for MDGs Madagascar

MALAWI
Malawi Economic Justice Network (MEJN), Malawi

MAURITIUS
Mauritius Council for Development Environmental Studies and Conservation (MAUDESCO) / Friends of the Earth Mauritius

REPUBLIC of MOZAMBIQUE
JA! Justiça Ambiental/ FoE Moçambique

NIGERIA
Center for 21st Century Issues, Nigeria
NGO Coalition for Environment (NGOCE), Calabar, Nigeria
Labour,Health and Human Rights Development Centre
Climate Change Network Nigeria

REPUBLIC of SENEGAL
Senegalese Social Forum
ONG Panafricaine Pour l'Education au Développement Durable (PAEDD), Senegal
ONG PanAfria Yung Man's Organization
ARCADE (Association for Research and Training for Endogenous Development)
African Forum for Alternatives

SIERRA LEONE
Youth Partnership for Peace and Development, Sierra Leone

SOMALIA
Somali Organisation for Community Development Activities

SOUTH AFRICA
groundWork / Friends of the earth South Africa
Southern and East African Trade Institute (SEATINI), South Africa

SOUTH SUDAN
Community Empowerment for Progress Organization-CEPO, South Sudan

TOGO
Jeunes Volontaire pour l'Environnement (JVE-Togo)
REPUBLIC of UGANDA
National Association of Professional Environmentalists (NAPE) - Friends of the Earth Uganda
Southern and Eastern Africa Trade Information and Negotiations Institute (SEATINI)

THE ZAMBIA
Zambia Youth Climate Change Forum (ZYCCF)
Zambia Climate Change Network (ZCCN)

Endorsers from Organizations based in Developed Countries

INTERNATIONAL and REGIONAL ORGANIZATIONS
Action Aid
Carbon Market Watch
CARE International – Poverty, Environment and Climate Change Network (PECCN)
Corporate Europe Observatory
CAN Europe
Greenpeace
350.org
Earth in Brackets
Food & Water Watch
Helio International
Indigenous Environmental Network (IEN)
International Forum on Globalization
International Rivers
International Institute of Environment and Development (iied) Oxfam
WWF International
Women's Environment and Development Organization (WEDO).

NATIONAL ORGANIZATIONS

NORTH AMERICA
Institute for Policy Studies
Heinrich Böll Foundation North America
Ulu Foundation
Sierra Club
Friends of the Earth US
Center for Biological Diversity
Climate Wise Women
EcoEquity
Rainforest Action network
Center for International Environmental Law
U.S. Climate Plan
SustainUS
The Ecologist

World Team Now (WTN)
Jubilee USA Network
Friends of the Earth US

EUROPE
Friends of the Earth England Wales and Northern Ireland
World Development Movement, UK
Christian Aid UK
Catholic Agency for Overseas Development (CAFOD) UK
Bread for the World Germany
Germanwatch
Healthy Planet UK
Ecologistas en Accion Spain
Global Social Justice Belgium
11.11.11 Belgium Alliance
Sud, Switzerland
Iceland Nature Conservation Association
Climate Action Network Europe
Ecology Collective / Ekoloji Kolektifi, Turkey
Both ENDS, Holland
GAIA Foundation UK
Green Alliance, Belarus
Quercus - Associação Nacional de Conservação da Natureza, Portugal
Trócaire, Ireland
Tearfund, UK
Friends of the Earth Norway
NOAH / Friends of the Earth Denmark
Debt and Development Coalition Ireland
ReCommon Italy

PACIFIC
Jubilee Australia
Climate Justice Programme, Australia
ATTAC, Japan
Friends of the Earth Japan

ANNEX III

Effectively Integrating Gender Considerations into the Six Essential Operational Modalities and Policies for Decision at the 7th GCF Board Meeting[1]

With decision 3/CP.17, the Green Climate Fund (GCF) made history as the first global climate finance mechanism to include gender equality concerns at its inception by including specific commitments on gender in its Governing Instrument,[2] including by mandating the Fund as a guiding principle to strive to maximize the impact of its funding for adaptation and mitigation while "taking a gender-sensitive approach" (para.3).

Bali Decision B.06/07 requests the Secretariat to prepare a draft gender policy and action plan for discussion at its seventh Board meeting. It also requests the Secretariat to integrate gender considerations in the preparation of draft policy documents and draft documents containing operational modalities, including those for consideration by the Board at its seventh meeting.

However, the provisional agenda for the seventh GCF Board meeting – following a suggestion by the Board Co-Chairs to focus the upcoming Songdo meeting only on the goal of adopting decisions on the six remaining essential requirements for the initial resource mobilization of the Fund – does not include an agenda item on considering the draft gender policy and action plan. While this is regrettable, the mandate of Decision B.06/07 to integrate gender consideration into the operational modalities proposed for the decision by the Board in Songdo still holds and demands Board action.

It is only fitting to consider the gender-sensitive approach in conjunction with the Fund's key policies required to "receive, manage, programme and disburse financial resources" (Decision B.05/17), as gender mainstreaming will contribute to the paradigm shift the GCF hopes to support with its interventions and will increase their overall effectiveness.

The following are some key recommendations by the Heinrich Böll Foundation North America[3] for integrating gender into the decisions on the six remaining essential policy requirements for resource mobilization that will be the focus of the seventh Board meeting in Songdo. The expected decisions from Songdo will result in a number of concrete actions to be elaborated in the gender action plan, which is to be considered together with the Fund-wide gender policy at the eighth GCF Board meeting.

Guiding Framework and Procedures for Accrediting National, Regional and International Implementing Entities and Intermediaries, Including the Fund's Fiduciary Principles and the Standards and Environmental and Social Safeguards (Document GCF/B.07/02).

- **Experience with, commitment to and capacity for gender-responsive funding implementation** (but not necessarily the existence of an entity's gender policy or gender action plan) **should be mandatory for accreditation** of national, regional and international implementing entities and intermediaries. This capacity should be considered a core criterion, even under a scaled risked-based approach to safeguards application (Annex II, Section 4.1) and under a possible tiered accreditation approach (para. 38). For national entities seeking accreditation under the direct access track, support for capacity building on gender should be provided under optional readiness activities as part of the accreditation process.

[1] Recommendations by the Heinrich Böll Foundation North America

[2] Explicit gender reference in the GCF Governing Instrument are included under I. Objectives and Guiding Principles, Paragraph 3; II. Governance and Institutional Arrangements, Paragraphs 11 and 21; V. Operational Modalities, Paragraphs 31; XII. Stakeholder Input and Participation, Paragraphs 71.

[3] Author and contact in Songdo: Liane Schalatek (liane.schalatek@us.boell.org).

- **Gender expertise and competency must be included on the proposed Accreditation Panel** (Annex II) tasked in conducting the review of applications for accreditation, if necessary by using **external gender technical experts** (paras. 42 and 43).
- The accreditation framework must take a "Do-no-harm approach" and require **compliance with international human rights conventions**, covenants and declarations, including UNDHR, UNDRIP, CEDAW and ILO conventions; respect collective property rights; free, prior and informed consent (FPIC) and **explicitly and pro-actively support gender equality and women's empowerment**.

  Using the IFC Performance Standards as the Fund's interim environmental and social safeguards (ESS) falls short in that regard and does not constitute international best practice on considering human rights and gender (for example, the Asian Development Bank's safeguards have stronger gender provisions). While the detailed guidance notes on the IFC Performance Standards feature some gender aspects selectively (para.36), the language of the Performance Standards themselves does not elaborate gender equality and women's empowerment as a core principle which has to apply to all GCF-funded projects, as well as individual projects or activities within a programme. As proposed, the interim IFC Performance Standards in conjunction with the IFC guidance notes serving as interim GCF environmental and social safeguards are not sufficient to fulfill the GI mandate for a gender-sensitive approach and should not serve as the basis for developing the Fund's own ESS.

Initial Proposal Approval Process, including the Criteria for Programme and Project Funding (Document GCF/B.07/03)

While the document does integrate a number of gender considerations throughout the proposed project and programme activity cycle, the draft decision could be strengthened. Specifically,

- **Comprehensive and inclusive multi-stakeholder input and participation, acknowledging women's special contribution**, in line with the Governing Instrument paras. 51 and 71, must be an integral part of the initial approval process throughout the project and activity cycle. This should cover the concept stage as well as the preparation and appraisal phase (as proposed in Annex II), but must also include **gender-sensitive participatory monitoring in the implementation, commissioning/launch and impact periods**, in line with para. 57 of the Governing Instrument. Such participatory monitoring and reporting has to cover the application of environmental and social safeguards during the implementation period to allow for course correction if needed during implementation, not just ex-post complaint and/or redress. Monitoring and evaluation of outcomes and performance must also include outcomes and performance in supporting gender equality and women's empowerment.
- The Secretariat should develop and implement **guidelines on the operationalization of the initial proposal approval process** for project and programme funding (Draft decision in Annex I), which provide detailed recommendations and templates and tools to implementing entities , intermediaries and executing entities **on how to implement the gender considerations of the Fund's project and programme cycle** (such as compliance with gender policy to be developed and the Fund's safeguards; the preparation of mandatory proposal gender assessments and gender-sensitive comprehensive stakeholder engagement throughout the activity cycle).

Initial Results Management Framework of the Fund (Document GCF/B.07/04)

The gender-sensitive approach to GCF funding is not a separate co-benefit, but a cross-cutting mandate and therefore part of the paradigm shift that the GCF wants to achieve in the context of sustainable development. The initial results management framework of the GCF must reflect this. Therefore:

- Gender considerations must be integrated into the performance measurement frameworks **for both mitigation and adaptation at all proposed results measurement levels** from the project results level (output) to the programme result level (outcome) to the paradigm-shift level (transformational impact).

As currently proposed (Annex I), the initial results management framework of the Fund does only specify one gender-sensitive project/programme outcome for mitigation (Annex I, para (b) (iii) 1)), but does not include gender considerations on the higher Fund-aggregate impact and paradigm-shift levels of the logic models for both mitigation and adaption.

It is recommended to change the proposed mitigation objectives and impacts as follows (change in **BOLD**):

> <u>Paradigm shift objective for mitigation</u>:
>
> *Shift to low-emission* ***gender-equitable*** *sustainable development pathways*
>
> <u>Strategic level impacts for mitigation</u>:
>
> *Increased* ***gender-sensitive*** *low emission energy access and* ***low-emission*** *power generation*
>
> *Increased access to* ***gender-sensitive*** *low emission transport*

For adaptation, the paradigm shift objective should be changed to read as follows (change in **BOLD)**:

> <u>Paradigm shift objective for adaptation</u>:
>
> *Increased climate resilient* ***gender-equitable*** *sustainable development*

- A core set of paradigm-shift indicators for the GCF at the Fund-wide/aggregate level need to include **impact measurements on sustainable development and gender equality**. They can be achieved via **smarter core indicators that are gender-sensitive and measure multiple benefits,** for example a proposed mitigation core indicator on ***gender-equitable access to and use of low-emission energy services*.**

  In contrast, the proposed focus of indicative core paradigm-shift indicators for mitigation on overall GHG emissions reductions and their cost-effectiveness is too narrow (Table 2 and Annex IV) is too narrow; a focus on costs of GHG reductions favors economies of scale and is thus biased in favor of large-scale mitigation projects and could exclude smaller-scale mitigation projects, such as distributive off-grid renewable energy projects from which communities and women (as consumers, care-givers and entrepreneurs) specifically benefit, but for which individual transactions costs are higher. Likewise the volume of direct mitigation finance leveraged by the Fund is not an indicator for a paradigm shift in GCF action as financing is a means to the end, but not indicative of how much progress toward this end – namely low-emission, gender-equitable sustainable development – has been made.

- Reporting on the gender equality contribution of Fund interventions must be **mandatory on the project and programme result levels for both adaptation and mitigation**; it cannot be regarded as a “reporting option” under a proposed minimum RMF requirement for mitigation interventions to allow project proponents or implementing and executing entities to report on minimum one co-benefit of their choosing (para. 25). The current proposal is insufficient. Gender equality outcomes and multiple co-benefits are central to creating country ownership and ensuring the long-term sustainability of mitigation and adaptation actions in developing countries.

- **Men and women as differentiated beneficiaries** (including by disaggregating the household level and looking also specifically at women-headed households) need to be at the center of **performance measurement indicators focusing on livelihoods, health, water and food security, transport, ecosystem benefits, and energy use and access** (see the lists of indicative mitigation and adaptation indicators in Annexes IV and V).

- In addition to **quantitative indicators** (those including **sex-disaggregated data** and disaggregating households), **process and policy focused qualitative indicators** are also relevant (f. ex looking at significant policy or regulatory changes or engagement of stakeholders, including women).

Investment Framework (Document GCF/B.07/06)

The investment framework operationalizes the second tier of the Fund's initial allocation framework by adopting a theme/activity-based approach in line with decision B.05/05. Its investment guidelines propose as set of initial activity-specific criteria and subcriteria (Table 2) for project and programme funding decisions. The investment framework with its investment guidelines is thus closely linked to the Initial Proposal Approval Process (GCF/B.07/03) and the Initial Results Management Framework (GCF/B.07/04). However, while documents GCF/B.07/03 and GCF/B.07/04 make some effort to integrate gender considerations, the gender-sensitive approach is not reflected in the proposed initial investment guidelines. They should therefore be revised to address the following points:

- **Criteria should be weighed in the context of a sustainable development approach**, ensuring the balanced consideration of multiple benefits and a gender-sensitive approach in addition to climate related impacts and economic efficiency considerations.
- Given the GI's cross-cutting mandate for a gender-sensitive approach to all GCF funding, **an explicit sub-criteria on gender impact should be added to the criterion on impact/result potential** (Table 2 in Annex I). While Annex III at this stage only provides illustrative indicators, the absence of any proposed indicators for sustainable development co-benefits and the gender-sensitive approach under that criterion is glaring.
- Future joint work by the Investment Committee, the Secretariat, other stakeholders and the Private Sector Advisory Group must focus on the **integration of gender considerations in the definitions for the activity-specific sub-criteria and a set of activity-specific indicators** (Draft Decision Annex I, (c) (i)).
- The current proposed criterion on economic efficiency is too narrowly focusing on cost-effectiveness and co-financing amounts. Instead, the criterion should focus on a **broader understanding of effectiveness** which includes environmental and social benefits as well as contributions of projects and programmes to gender equality in addition to cost-effectiveness considerations.
- The criterion on **paradigm shift potential** (Table 2 in Annex II) should be improved to include a reference to the **gender-sensitive approach** in the sub-criteria (*"…and to sustainable development, including social, economic and environmental co-benefits and **taking a gender-sensitive approach** for a paradigm shift.")*
- The criterion on **needs of the beneficiary country** should reference the "*financing needs of the beneficiary country, **in particular those to addressing its most climate-affected population groups…."*** with sex-disaggregated income level data of those population groups as a sub-criteria (Table 2 in Annex II).
- The **country ownership and institutional capacity criterion** should assess the capacity to implement a funded project or programme by looking at all relevant policies, including gender policies, climate strategies, and institutions (including national women's machineries) as well as the existence of and experience with gender-sensitive multi-stakeholder engagements. As sub-criteria, coherence with existing policies needs to include gender policies as well as the capacity of implementing entities or executing entities to deliver gender equality benefits via a gender-sensitive approach.
- **Gender expertise must be represented in expert advice or additional structures required** to support the Investment Committee and the Secretariat in developing activity-specific decision criteria and in assessing investment proposals against those criteria in the future.

Structure of the Fund and the Secretariat (Document GCF/B.07/07)

The Governing Instrument urges consideration of geographical and gender-balance in the staffing of the Secretariat and the composition of the GCF Board. The document focuses primarily on these largely procedural steps, which need to be reinforced by the integration of gender competencies in all GCF structures, including the Board's committees, panels and advisory groups and Secretariat divisions, as well as the Fund's independent accountability mechanisms in order to operationalize gender-sensitive policy mandates for example via accreditation and proposal approval decisions or results measurement, monitoring and evaluation. Some key actions include:

- Gender expertise needs to be anchored in the GCF Secretariat at minimum via **a high-ranking senior level gender advisor** or better through a **gender task force with a management lead comprising representatives from all initial divisions of the GCF Secretariat** as indication of top GCF management support; it is not enough to designate a lower level professional as a "gender focal point"(for example as a part-time focus).
- Gender expertise needs to be **integrated into the initial main divisions of the Secretariat** as approved in decision B.05/10 and thus considered a core criterion for ongoing and future staff hiring; gender expertise is particularly relevant for the **country programming** division (with respect to M&E, country operational dialogue, including readiness assessment, accreditation and safeguards); the **mitigation and adaptation windows division** (with specific sector core expertise on agriculture and water urban development , disaster risk, transport, RE and energy efficiency and forestry); the **Private Sector Facility division** (especially with respect to project finance and financial intermediation);and the **external affairs division**(with a focus on resource mobilization; media & public relations; relationships with partner and observer organizations; external communication)
- A **gender action plan** (to be decided at the 8th GCF Board meeting)with deliverables from the GCF Secretariat should include:
  - **Provision of regular training for GCF staff** on gender and climate change linkages
  - **Development of comprehensive gender guidelines and tool kits** to mainstream gender into results management/M& E and project and programme activity-cycles
  - **Gender-focused technical support and capacity building** for Implementing Entities (IEs), Executing Entities (EEs), Intermediaries and government partners, especially NDAs and focal points.
- The **GCF Board should commit to strengthen its understanding** of the gender and climate finance linkages by holding regular gender workshops and exchanges with gender technical experts. One practical **way to address the current gender imbalance in the Board and its committees and panels** could be to ensure that the co-chairs, or a member and his/her alternate are always male/female pair. A special responsibility would fall on those countries represented on the Board who are represented by both a principal and an alternate member (such as France, UK, Germany, the US, Japan and Australia).

Initial Modalities for the Operation of the Fund's Mitigation and Adaptation Windows and the Private Sector Modality (Document GCF/B.07/08).

- The paper on initial modalities is an overview paper detailing how GCF resources would be channeled and tracked and how separate policy decisions on initial modalities interact to make the Fund operational. It is therefore important that the **gender decision from Bali (B.06/07) as well as the gender policy in its applicability to and interaction with other operational modalities is referenced** in this paper as important elements of the Fund's operational framework (Draft Decision in Annex I and Annex II).

- Future modalities for a simplified approval processes for small-scale activities (in line with para.53 of the Governing Instrument) are still to be developed (para. 66). The Board should consider establishing a **GCF Small Grants Facility** as a direct access modality for non-state and sub-national actors, particularly from civil society groups and communities that would for example allow women's groups to execute small-scale projects themselves up to a financial scale still to be defined. Alternatively, the development of a country-based small grants programme as a recommended component of programmatic financing approaches to be implemented by intermediaries could be considered.

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ANNEX IV

Letter of Southern Civil Society Organizations to GCF Board Members on Safeguards

October 3, 2013

Dear Members and Alternate Members of the Board of the Green Climate Fund:

We are organizations, movements and civil society groups from developing countries with decades of experience working for the rights and aspirations of peoples and communities. We are writing to express our unified call for the adoption of the most robust environmental and social protections at the Green Climate Fund.[i] We are joined in solidarity by the undersigned organizations based in developed countries.

Consistent with the United Nations Framework Convention on Climate Change (UNFCCC) and other relevant international agreements, developed countries are obligated to provide the necessary finance to enable affected peoples to deal with climate impacts, build resilience, and shift to more sustainable, equitable low carbon development pathways. Similarly, States have the obligation to their citizens and all peoples to use climate funds for these purposes effectively and responsibly in a democratic, accountable, and transparent manner that respects human rights and does not harm the environment.[ii]

The following principles, obligations, and standards must be upheld by and applied to the GCF, the governments that contribute to or receive GCF funds, members of the GCF Board, and non-State actors that receive funds or implement GCF funded projects. These principles, obligations, and standards must apply to all GCF activities -- operations, modalities, terms of financing arrangements, financial instruments, financial intermediaries, projects, sub-projects, programs, etc.

- **Sovereignty, self-determination, and the fulfillment of State obligations --** The GCF must respect the sovereignty and self-determination of developing countries and their peoples. GCF funding should not be used as leverage to impose on recipient governments conditionalities that are extrinsic to fiduciary terms and mutual obligations of financial arrangements. Likewise, States should not invoke sovereignty as a reason for failing to fulfill their obligations to deliver on the following principles, obligations and standards, which are not conditionalities and must be upheld and operationalized by the GCF as a public institution.
- **"Do no harm" principle** -- GCF activities should not have harmful impacts, whether social, gender, economic, or environmental. To ensure and verify that harm is not done, the GCF must develop strict mandatory due diligence and review procedures for all access modalities and all Fund activities to ensure compliance with the "do no harm" principle and rigorous monitoring of directly and indirectly financed activities throughout their lifetime. Binding "do no harm" language must be included in all contracts, sub-contracts, and agreements. GCF finance must not trigger involuntary displacement (shelter and/or livelihoods), nor be used to fund fossil fuel projects.
- **Financial intermediaries (FIs) --** It is especially difficult for FIs and other conduits of indirect finance to ensure adherence to the "do no harm" principle, as was clearly demonstrated by a 2013 CAO audit carried out on the International Finance Corporation (IFC)'s large FI portfolio.[iii] The IFC was proven unable to trace, understand or document the environmental and social impacts of its FI investments, presenting a dangerous risk to the environment and affected communities. We are opposed to the use of international FIs by the GCF. The use of domestic FIs, many of which are also opaque and non-transparent, must only be considered if directly proposed by recipient countries for their climate programs. In such cases, the GCF must then ensure due diligence in adequate assessment of the potential environmental and social impacts and risks associated with the FI's existing and likely future portfolio; full public disclosure, consultation, and documentation of free, prior, and informed consent on all FI subprojects; and permanent transparent monitoring throughout the lifetime of projects and

subprojects.

- **Financial integrity and anti-corruption** -- Financial accounting and procurement practices should adhere to the highest international standards. The sources of funds must be demonstrably free of links to money laundering. There must be no use of secrecy jurisdictions/tax havens for domiciling funds flowing to or from the GCF. Any links to officials, their family members, or associates must be made public and publicly examined to ensure freedom from corruption. There should be no provision of immunity for violations of the law by those carrying out any service as part of the GCF.
- **Public consultations; fully documented free, prior, and informed consent (FPIC); and grievance mechanism** -- The GCF must carry out regular public consultations about its operations, programs, and projects in a manner that is responsive and appropriate to the needs and concerns of affected groups and communities. These consultations should be transparent, inclusive, and in accordance with the international right of FPIC. The GCF should ensure upward harmonization with the highest standards and practices. Consultations should cover concept, design, and location of the projects and programs; assumptions, objectives, and methodologies; assessment of impacts and risks (economic, environment, gender, and social); and monitoring and evaluation. Information and all documents should be provided at least 120 days in advance of any funding decision -- in languages that communities understand and with concerted outreach to marginalized groups. Special attention should be paid to affected communities through processes that uphold their right to make decisions about matters affecting their lives, livelihoods, and/or environment. This must include the right to veto projects or programs, as well as protection from intimidation and coercion by project proponents and their supporters. Further, the GCF must provide an easily accessible independent complaints or grievance mechanism with civil society oversight.
- **Equity, non-discrimination and inclusion** -- The GCF must develop principles, criteria, and a clear system and indices for equitable and fair allocation of climate finance across countries, founded on consensus and agreement by developing countries with full input by civil society groups from developing countries. The GCF should not finance activities that reinforce inequities and discrimination across and within countries. No country, or population group within a country, should suffer discrimination, exclusion, or marginalization on the basis of economic status, gender, race/ethnicity/caste, religious belief, or other social constructs. All GCF activities and measures must be based on an equitable assessment of capacities, potential, vulnerabilities, and the needs of countries, peoples, and groups. Inclusion as an operational guideline logically extends from diligent compliance with principles of equity and non-discrimination.
- **Transparency** – The Governing Instrument of the GCF mandates it to operate in a transparent and accountable manner.[iv]. Maximum transparency – to the public, and especially to those most affected by the climate crisis – and avoidance of the use of “business confidentiality” clauses[v] are prerequisites for compliance with the aforementioned principles, standards, and obligations. Live web streaming of the GCF Board Meetings is a fundamental first step for transparency.
- **Compliance with International Law and Upward Harmonization with the Highest National and International Standards:** The GCF must operate in compliance with international law and binding obligations pertaining to human rights (including economic, social, cultural, gender, indigenous, and labor rights, among others), and the environment. In addition, all GCF activities must meet or exceed the highest of national and international standards on transparency, social and environmental protection, labor, gender, and Indigenous Peoples rights. Standards should account for gender segregated baseline information, and assessment of direct, indirect, induced, cumulative, and long term social, gender, and environmental impacts and risks associated with proposed financing. Further, there must be recognition that human and environmental rights obligations have primacy over financial obligations.

Thank you for your serious consideration of these most important matters. Sincerely,

[i] For further background, see "Submission to the GCF Board, Jubilee South – Asia/Pacific Movement on Debt and Development," March 11, 2013.

[ii] The Paris Declaration on Aid Effectiveness and the Accra Agenda for Action highlight the fact that governments should be inclusive in
setting up national policies and plans -- including through consultation with CSOs; should be consistent with their international commitments on gender equality, human rights, disability, and environmental sustainability; fight corruption; and be transparent and accountable to people in developing and donor countries.
http://www.oecd.org/dataoecd/11/41/34428351.pdf.

[iii] CAO Audit of a Sample of IFC Investments in Third-Party Financial Intermediaries. Office of the Compliance Advisor-Ombudsman, World Bank Group, February 2013.

[iv] Governing Instrument of the Green Climate Fund, paragraph 3 under Objectives and guiding principles.

[v] "Confidentiality" should be narrowly defined and applied only to strictly limited and specific data contained in project documents (e.g. home addresses of project proponents, a specific formula calculated for a specific project, etc.).

SOUTHERN SIGNATORIES

GLOBAL SOUTH and REGIONAL SOUTH NETWORKS and ORGANIZATIONS
Jubilee South – Asia/Pacific Movement on Debt and Development (JSAPMDD)
LDC Watch
South Asia Alliance for Poverty Eradication (SAAPE)
Asian Regional Exchange for New Alternatives (ARENA)
Migrant Forum in Asia (MFA)
Third World Network
Climate Action Network (CAN) South Asia
Asian Indigenous Women's Network
Asia Indigenous Peoples Pact
Africa Jubilee South
Pan African Climate Justice Alliance (PACJA)
African Biodiversity Network
No REDD in Africa Network (NRAN)
Association of African Women for Research and Development African
Forum and Network on Debt and Development (AFRODAD)
Interamerican Association for Environmental Defense (AIDA)
Red SUSWATCH (Observatorio de la Sostenibilidad)
IBON International
Indigenous Peoples' Global Partnership on Climate Change and Forests
Global Forest Coalition
Friends of the Earth International
International Trade Union Confederation (ITUC)
Global Alliance for Incinerator Alternatives
NGO Forum on the ADB

NATIONAL NETWORKS and ORGANIZATIONS
ASIA and the PACIFIC
Project Survival Pacific: Fiji's Youth Climate Movement, Fiji
Nabodhara, Bangladesh
Resource Integration Centre, Bangladesh
Equity BD, Bangladesh
Jatio Sramik Jote, Bangladesh
Bangladesh Krishok Federation
VOICE, Bangladesh
Maleya Foundation, Bangladesh Jagrata
Juba Shangha (JJS), Bangladesh
Bangladesher Jatiyo Sramik Jote-BJSJ, Bangladesh
Centre for Environmental Justice/Friends of the Earth Sri Lanka
Campaign for Climate Justice (CCJN), Nepal
All Nepal Peasants Federation
All Nepal Women's Association

Jagaran Nepal
Rural Reconstruction Nepal Human
Rights Alliance Nepal
Federation of Community Forestry Users Nepal (FECOFUN)
Pro Public/ Friends of the Earth Nepal
National Forum for Advocacy, Nepal (NAFAN)
Indian Social Action Forum
National Coastal Women’s Movement, India
Keystone Foundation, India
Himalaya Niti Abhiyan, India
mines, minerals and People, India
Stree Mukti Sanghtana, India
Vasudha Foundation, India
Climate & Energy Group, Beyond Copenhagen collective (BCPH), India
River Basin Friends, India
Environment Support Group, India
Public Advocacy Initiative for Rights and Values in India (PAIRVI), India
Save Our Urban Lakes (SOUL), India
Pakistan Fisherfolk Forum, Pakistan
Pakistan Kissan Rabita Committee, Pakistan
Koalisi Anti Utang, Indonesia
Aksi for Gender, Social and Ecological Justice, Indonesia
Solidaritas Perempuan (Women's Solidarity For Human Rights) - Indonesia
debtWATCH Indonesia
Institute for Essential Services Reform, Indonesia
The Ecological Justice, Indonesia
WOCAN (Women Organizing for Change in Agriculture and NRM), Thailand
Haburas Foundation/Friends of the Earth East Timor
Alyansa Tigil Mina, Philippines
Aksyon Klima Pilipinas, Philippines
Ateneo School of Government, Philippines
Coastal CORE, Inc, Philippines
Campaign for a Life of Dignity for All (KAMP), Philippines.
EcoWaste Coalition, Philippines
Freedom from Debt Coalition, Philippines
Freedom from Debt Coalition-Eastern Visayas, Philippines
Green Convergence for Safe Food, Healthy Environment and Sustainable Economy, Philippines
Institute for Climate and Sustainable Cities, Philippines
Kalayaan, Philippines
Kitanglad Integrated NGOs (KIN), Philippines
Pambansang Koalisyon ng Kababaihan sa Kanayunan (National Rural Women Congress), Philippines
Partnership for Clean Air, Inc. Philippines
Philippine Movement for Climate Justice, Philippines
Philippine Rural Reconstruction Movement
Sanlakas, Philippines
Sarilaya, Philippines
Tebtebba (Indigenous Peoples' International Centre for Policy Research and Education) - Philippines
Ecological Society of the Philippines
Citizens' Institute for Environmental Studies, Korea
KFEM/Friends of the Earth Korea
Taiwan Youth Climate Coalition

AFRICA
AMASOT (Association pour le Marketing Social au Tchad), N'Djaména (Tchad)
Alternative Information and Development Center (AIDC) , South Africa Million
Climate Jobs Campaign, South Africa
Centre for Civil Society, Durban, South Africa
groundwork/Friends of the Earth South Africa
Jamaa Resource Initiatives, Nakuru, Kenya

Daughters of Mumbi Global Resource Center, Kenya
Organisation de Bienfaisance et de développement, Djibouti
Youth Network for MDG, Madagascar
Somali Organisation for Community Development Activities (SOCDA) Association Nigérienne des Scouts de l'Environnement (ANSEN), Niger Alliance Nationale de lutte contre la Faim et la Malnutrition (ACFM), Niger Ethiopian Consumer Society
Jeunes Volontaires pour l'Environnement (JVE-Togo)
Niger Delta Women's movement for Peace and Development Worldview-The Gambia
Friends of the Earth-Ghana
GrassRootsAfrica, Ghana
Abibiman Foundation, Ghana
Labour, Health and Human Rights Development Centre, Nigeria
Health of Mother Earth Foundation (HOMEF) ---Nigeria
Environmental Rights Action/Friends of the Earth Nigeria
NGO Coalition for Environment, Calabar, Nigeria
Center for 21st Century Issues, Nigeria
Zambia Climate Change Network
Justica Ambiental (JA!) / Friends of the Earth Mozambique
Malawi Economic Justice Network (MEJN), Malawi
Social Forum Senegal
PAEDD, Senegal
SEATINI, Uganda
Le Forum National sur la Dette et la Pauvreté de Côte d'Ivoire

LATIN AMERICA and the CARIBBEAN
Eco Sitio, Argentina
M´Biguá, Ciudadanía y Justicia Ambiental, Entre Ríos, Argentina FUNAM, Fundación para la defensa del ambiente, Argentina Taller Ecologista, Argentina
LIDEMA, Bolivia
Bolivian Climate Change Platform, Bolivia
Instituto del Tercer Mundo of Montevideo, Uruguay
Centro Humboldt, Nicaragua
La Fundación de Iniciativas de Cambio Climático, Honduras ACICAFOC, Honduras
Fundacion Solar, Guatemala
Fronteras Comunes, Mexico
Equidad, Mexico
Instituto de Políticas para el Transporte y el Desarrollo, Mexico CEMDA, Mexico
CTS EMBARQ Mexico
Programa de Integridad en el Financiamiento Climático, Mexico Dejusticia, Bogota, Colombia
Derecho Ambiente y Recursos Naturales DAR, Peru.

ENDORSERS from DEVELOPED COUNTRIES

Global and Regional Networks
ActionAid International
WWF International
Global Witness
BirdLife International
Conservation International
Greenpeace
International Forum on Globalization
Women's Environment and Development Organization (WEDO)
CARE Poverty, Environment and Climate Change Network (CARE PECCN)
Food & Water Watch in North America
Food & Water Europe in Europe
European Network on Debt and Development (Eurodad)
Women in Europe for a Common Future (WECF)
Feminist Task Force

National Networks and Organizations
North America
Friends of the Earth USA
Jubilee USA Network
Institute for Policy Studies, Climate Policy Program, USA
Sierra Club, USA
Environmental Investigation Agency USA
Heinrich Böll Foundation North America
Ecumenical Peace Institute/Clergy and Laity Concerned, Northern California, USA
SF Bay Area Jubilee Coalition, USA
Missionary Oblates of Mary Immaculate, Justice, Peace/Integrity of Creation Office , USA
Center for International Environmental Law, USA
Disciples Justice Action Network, USA Green Chalice (Disciples of Christ), USA
Friends of the Earth US
Maryknoll Office for Global Concerns, USA
Environmental Investigation Agency, US
'Ulu Foundation, USA
Bank Information Center, USA
Rainforest Action Network, USA
Pacific Environment, USA
Labor Network for Sustainability, USA
Center for Biological Diversity, USA
American Environmental Health Studies Project, USA
Earthjustice
International Rivers
Oil Change International
Friends of the Earth Canada

Europe
Both ENDS, The Netherlands
Bretton Woods Project, UK
Christian Aid, UK
CAFOD, UK
Friends of the Earth England, Wales and Northern Ireland
World Development Movement, UK
Tearfund, UK
Forest Peoples Programme, UK
Jubilee Debt Campaign, UK
United Kingdom Without Incineration Network (UKWIN), UK
KULU - Women and Development, Denmark
NOAH Friends of the Earth Denmark
Naturvernforbundet/Friends of the Earth Norway
Centre national de coopération au développement, CNCD-11.11.11, Belgium
11.11.11 - Coalition of the Flemish North-South Movement, Belgium
Ecologistas en Acción (Spain)
InspirAction (Christian Aid), Spain
Alliance Sud, Switzerland
Réseau Action Climat-France

Pacific
ATTAC Japan
Climate Justice Programme, Australia
Climate Action Network Australia (CANA)
Jubilee Australia
Friends of the Earth Australia
Alliance for a Clean Environment, Australia

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