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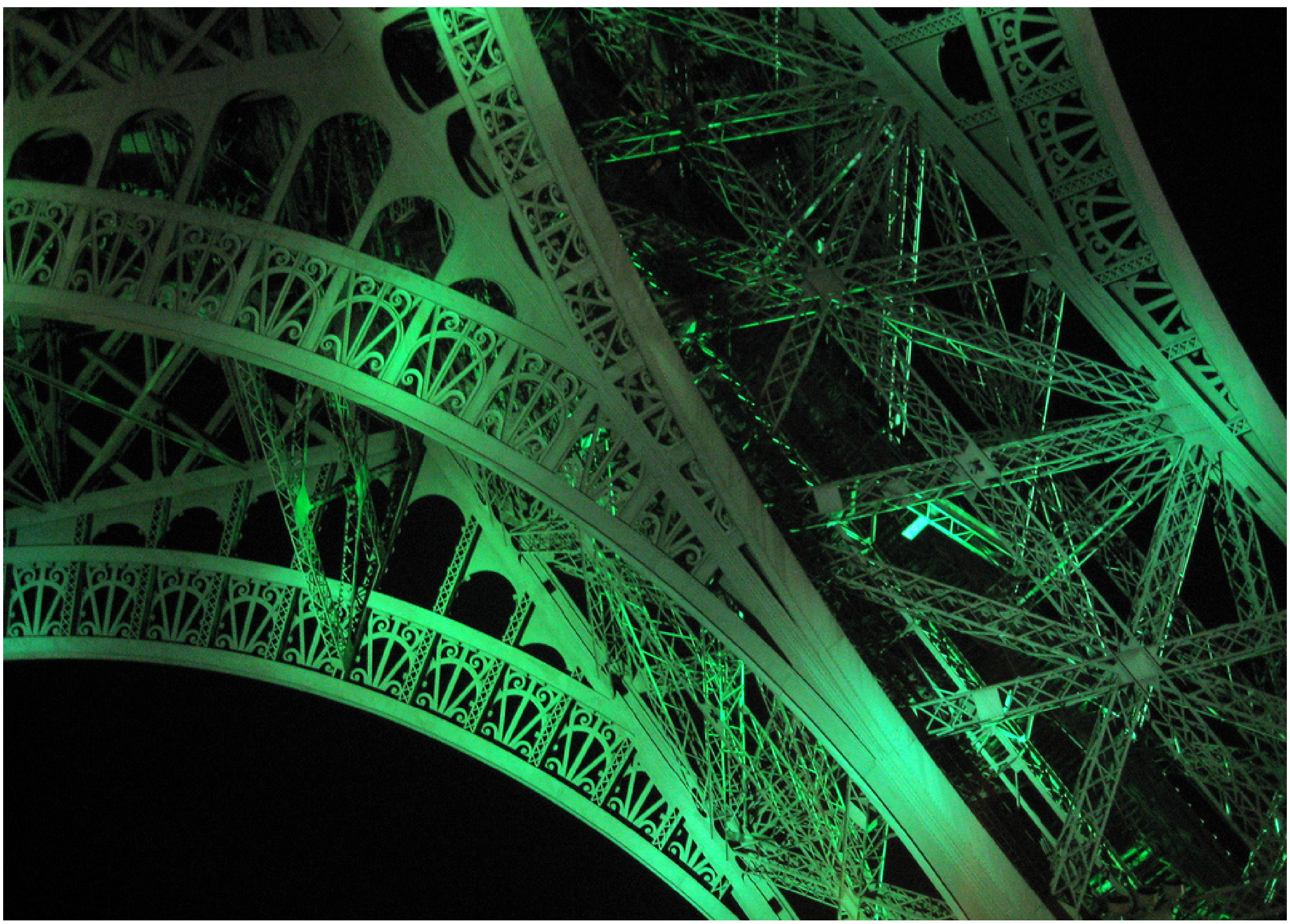
Upping the Ante

The 5th Green Climate Fund Board Meeting speeds up the progress on the Fund's Business Model and sets a time-line for its resource mobilization

By Liane Schalatek



ABOUT THE AUTHOR

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Upping the Ante

The 5th Green Climate Fund Board Meeting speeds up progress on the Fund's Business Model and sets a time-line for GCF resource mobilization

At its 5th meeting from October 7 – 10, 2013 in Paris, France, the Board of the Green Climate Fund (GCF) rose to the challenge that the Co-Chairs posed in presenting the 24-member group with a near "mission impossible" to get through an overloaded agenda by accelerating their decision-making on various operational policies under the Fund's Business Model Framework (BMF). The reason for the Board "upping the ante" after several prior meetings where progress seemed to be only incremental and some of the fundamental policy differences between developing and developed country Board members almost insurmountable was the strategy by the outgoing Co-Chairs from South Africa and Australia to tie the begin of the GCF's resource mobilization process explicitly to the completion of a set of core policies to enable the Fund to receive, manage, program and disburse GCF financial resources as soon as possible. The Board decisions in Paris – although not formally setting a date – nevertheless provided an implicit time-line for such a process making it theoretically possible to have an initial pledge meeting for substantial contributions to the Fund in late August or September 2014 – provided the Board manages to get through its next two Board meetings without major controversies or delays. The Board meeting in Paris marked also the formal end of the interim phase of the Fund's Secretariat with the new Executive Director Hela Cheikhrouhou, who participated for the first time in this capacity in the Board proceedings, showing herself to be in full command of the ongoing move of the Secretariat to its new headquarters in Songdo, South Korea as well as in full command of the issues decided by the Board. In a show of support, in Paris the Board approved her vision for the initial structure of the GCF Independent Secretariat with the planned expansion of its size to close to 50 professional staff by mid-2014. In Paris, the Board was also finally able to conclude arrangements on the relationship of the Fund, which is an operating entity of the financial mechanism of the UN Framework Convention on Climate Change (UNFCCC), with the Convention's Conference of Parties (COP), to whom the GCF is accountable. With the GCF Board in Paris confirming the draft arrangements worked out over several meetings by the Convention's Standing Committee on Finance (SCF), both bodies were able to fulfill their COP mandate to present the finalized arrangements to the COP 19 in Warsaw. The GCF Board's next meeting will be from February 19 – 21, 2014 in Bali, Indonesia. It will be a crucial one to make progress toward fulfilling the eight policies whose completion the Board in Paris decided are essential "triggers" for the Fund's initial mobilization efforts. In Paris, several developed Board member promised that their countries have money waiting in the bank to contribute to a "substantial" mobilization effort for the GCF then.

The opening of the formal Board meeting began with some changes to the proposed agenda at the request of developing country Board members, who felt that the issue of resource mobilization should be given more prominence in the discourse and thus be addressed further up on the agenda as a central topic of the 5th GCF Board meeting. The Board then adopted the meeting report of the fourth GCF Board meeting, with the Board taking note of activity reports of the Co-Chairs and the Interim Secretariat, noting with appreciation in particular that the headquarters agreement between the GCF and the government of South Korea as host country for the Fund took effect on August 27, 2013 and that the official opening of the permanent Independent Secretariat is scheduled for December 4th. Board members from Egypt and Barbados[*] also urged the timely provision of preparatory documents for the Board meetings, a recurring

[*] *NOTE: 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 Paris, 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 last Board meeting in Songdo in June 2013 decided to provide a recording of the Board*

theme over the last Board meetings, while acknowledging the challenges the Interim Secretariat faces with still limited staff had in preparing a set of 28 Board documents required alone for the Paris meeting.[1]

The start of the official Board meeting followed a half-day of closed meeting and a half-day of informal discussions among Board members, alternates and advisors, and private sector and civil society active observers[2] on October 7th, when with the results management framework and financial inputs two key policies for the Business Model Framework (BMF) of the Fund were discussed.[3] As in the last two Board meetings, these informal discussions before the official Board meeting were supposed to gauge the mood of Board members going into the official meeting, but were also an attempt to try to pro-actively address some likely controversies and disagreements among Board members on how to best operationalize the vision of the GCF as promoting, "[i]n the context of sustainable development, … the paradigm shift towards low-emission and climate resilient development pathways"[4] and how to do so in a country-driven approach that seeks a balance between funding for adaptation and mitigation, "while promoting environmental, social, economic and development co-benefits and taking a gender-sensitive approach."[5]

In Paris the informal workshop discussions served less to rally Board members around points of agreement or convergence in preparing for some Board decisions over the next few days, but rather fulfilled a more basic need by providing several hours of time for discussion for quite complex and contentious issues among Board members (for a list of GCF Board members and alternates see Annex I). With a choke-full agenda and a number of important decisions crammed into the three-day Board meeting, such time for deliberations was in short supply, as evidenced by the fact that several agenda items received little Board attention with draft decisions proposed by the outgoing Co-Chairs Zaheer Fakir (South Africa) and Ewen McDonald (Australia) and the new Executive Director Hela Cheikhrouhou basically "gaveled through".

Resource Mobilization[6]

The efforts within the GCF Board to develop a resource mobilization approach for the Fund started at its 2nd Board meeting in Songdo in October 2012, with the Board then requesting a document for the 3rd Board meeting in Berlin that would outline the various options for resource mobilization for the GCF, including initial contributions, subsequent replenishments as well as the sequencing, timing, participation, contribution form and size and policies of such a process.[7] The GCF's Governing Instrument does not specify how resources should be mobilized for the GCF, indicating only in paras. 29 and 30 that the financial inputs are to come from developed country Parties to the Convention and that inputs might also come from a variety of other sources, "public and private, including alternative sources." The GCF Secretariat is given the task to "[s]upport the Board in arranging replenishment processes" (para. 23(k)).

A first document provided for the 3rd Board meeting in Berlin looked at the practices and resource mobilization processes at other funds and institutions, such as the GEF, the World Bank's International Development Agency (IDA) or its Climate Investment Funds (CIFs), and the Global Fund and at different options to structure resource mobilization, such as via periodic replenishments. The paper's approach was heavily criticized by many developing country speakers who expressed their disappointment that the paper by the Secretariat only described a formalistic process without providing a strategic overview over how much in resources will be needed for the GCF to make "a significant and ambitious contribution to the global efforts … to combat climate change" (GI, para.1) by channeling "new, additional, adequate, and predictable financial resources to developing countries" (GI, para.3). They reminded their developed country colleagues repeatedly in past Board meetings that the GCF is not a donor-driven funding model but part of the financial mechanisms of the UNFCCC which constitutes an effective contract between developed and developing countries. Developed country speakers in contrast pointed out throughout the past several Board meetings that the "right order" or sequence to deal with resource mobilization was to make headway with the Fund's Business Model Framework (BMF) first, specifically its Private Sector Facility (PSF) and

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. This meeting report is published more than three weeks after the GCF Paris Board meeting, however, as of November 8, 2013 the recordings of the 5th GCF Board meeting in Paris had not yet been made available.

fiduciary, environmental and social safeguards, so as to be able to answer basic questions about how the Fund will function, although a formal time-line was never agreed. While resource mobilization was not formally on the agenda at the June meeting, it nevertheless was the “hidden elephant in the room”, weighing down the discourses around specific BMF policies in Songdo.

In Paris, an informal discussion among Board members over dinner on the evening before the start of the Board meeting was an effort to break through that fundamental juxtaposition between developing and developed country approaches to resource mobilization. In reporting back from the evening’s discussions, Board members acknowledged the need for countries from both constituencies to move to address each others’ concerns in a trust-building effort. Four working groups during the dinner came up a number of points of convergences between developing and developed countries, such as that a staged evolutionary approach would be best; that there were some key areas such as fiduciary standards and social and environmental safeguards whose completion was considered to be a crucial prerequisite; and that there should be an agreed time-line and an initial capitalization that would have to send a strong political signal, with the Fund having to make a persuasive case “as the new kid on the block” for its added value vis-à-vis existing climate funds (with the GCF’s potential scale, the PSF and direct access as its main “selling points”).

However, the very short Board paper and draft decision for Paris on resource mobilization, which the Board discussed, did not reflect the sentiments expressed during the dinner exchange. It consisted basically of a list of ten distinct and mostly comprehensive policies, procedures and documents that in a three-tiered resource mobilization approach (with informal ongoing pledging, an ad-hoc pledging meeting and a formal replenishment meeting) would serve as the “trigger” for the pledge meeting. The list, ranging from the results management framework to procedures for resource allocation to standards and safeguards to accreditation of implementers and intermediaries to the modalities for the PSF, terms of the Fund’s financial instruments or its risk management framework, basically included all the outstanding core policies of the BMF. The draft decision as presented was thus in line primarily with longstanding developed country asks’ without giving a specific time-line or a date – aside from the conditional linkage to policies’ completion – on when the resource mobilization talks with all potential contributors would begin.

In the Board discussion, several developing country Board members (from Egypt, India, Zambia, the Democratic Republic of Conge - DRC, Barbados, Brazil, Belize and China) pointed out that for the Fund to start working only a more limited set of absolute necessary policies was needed, demanding therefore a prioritization and reduction in the list of ten policies indicated in the draft decision, including by drawing on the existing practices of other funds such as the Adaptation Fund and the GEF for standards or safeguards or accreditation procedures. Developed country Board members from Sweden, Norway, Switzerland and France likewise felt that the list of ten policies was too exhaustive. In contrast, the Board members from the UK, Australia and the US argued that for funding at scale the areas listed for completion were critical, especially to attract developed countries’ resources and funding from other sources, as the GCF was only one of many climate funds competing for resources.

Most Board members in their interventions argued that a two-step approach with initial informal pledges followed by a formal replenishment process was sufficient, as a formal replenishment process (as the experience of the World Bank’s International Development Association or the GEF’s process shows) is lengthy (with the GEF process for example taking some 18 months). Several developed country Board members (including from France, Germany, Switzerland and Norway) indicated that their country was ready to contribute its fair share and that initial pledges would have to be “serious” (in the range of several billion dollars). The Board member from Germany specifically wanted to see a reference to fair-burden sharing reflected in a Board decision on resource mobilization. The two African Board members from the DRC and Zambia in their interventions complained that the slim board document actually was not a strategy and that the proposed way forward was devoid of a sense of urgency despite the fact that people in developing countries were already severely affected by climate change and thus funding for adaptation specifically cannot afford any further delay. They and the Board member from Saudi Arabia also highlighted the link between the GCF resource mobilization and developing countries’ possible commitments in the UNFCCC for a new climate agreement by 2015. The Board member from China urged the Board to include specific targets for the financial scale of the Fund, with several developing country Board members (from China, the DRC and Belize) worrying about a lack of political commitment from developed country side for the GCF as reflected in a narrative that in the course of three years has turned the GCF from being the primary channel for the Copenhagen US$100 billion pledge, to “one of the channels” to “is this really the best channel?” The Southern active CSO observer also requested a substantial target for the initial capitalization and advocated for a phased approach as a confidence-building measure with a focus on a minimum set of policies essential for holding and receiving as well as disbursing funding.

A revised decision text saw Board members from Africa and the SIDS adamant in their demand to see an explicit time-line or date reflected in the Board’s decision, which the Board member from the United States with a reference to US legislative procedures rejected as “not useful”. The comment by the ED and the Australian Co-Chair that a time-lime was implicit in the draft decision because the proposed policies to be completed before an informal resource mobilization were scheduled for decision in the first two Board meetings in 2014 (to be held in February and late May), and that therefore an informal first pledging meeting could come as early as August or September 2014 did not mollify the Board members from Barbados, Brazil, Saudi Arabia and Zambia. They insisted on adding a reference to efforts to completing the policies set as conditions for the pledge meeting “by the second Board meeting of 2014.”

The final decision approved in Paris now confirms that the GCF resource mobilization process will start through an initial phase as soon as possible and transition subsequently to a formal replenishment process. Which policies, procedures and documents are deemed essential to trigger the formal replenishment of the GCF will be decided by the Board once the initial resource mobilization process is completed. The first two meetings of the GCF Board in 2014 are supposed to prioritize and focus on “working towards completing the essential requirements for the Fund to receive, manage, program and disburse financial resources.” The Secretariat is tasked to set up an initial mobilization process or meeting three months after the Board has essentially certified that these essential requirements -- now a list reduced from ten to eight distinct policies, procedures or documents – have been met. This could be, if the Board manages to complete the required list of policy decisions without much controversy or delay, as early as August 2014. While setting the list is certainly a great “incentive” to get the Board to speed up its decision-making process, this could come at the expense of well-thought out policies and procedures and could end up hurting developing countries as recipients in the long run, especially since the resource mobilization decision does not include an indicative funding target for the GCF. The list of prerequisites includes:

1) The initial Fund and Secretariat structures, including administrative polices, fiduciary principles and environmental and social safeguards;
2) The Fund’s financial risk management and investment framework;
3) Initial results areas, initial core performance indicators and an initial results management framework;
4) Procedures for accrediting implementing entities and intermediaries;
5) Policies and procedures for the initial allocation of Fund resources, including results-based approaches;
6) An initial proposal approval process, including criteria for program and project funding;
7) Initial modalities for the operation of the Fund’s mitigation and adaptation windows and the Private Sector Facility; and
8) The terms of reference of the Fund’s Independent Evaluation Unit, the Independent Integrity Unit and the Independent Redress Mechanism.

Establishment of the Independent Secretariat

In Songdo, the Board selected Hela Cheikhrouhou (a Tunisian national coming from the African Development Bank where she was its Director of the Energy, Environment and Climate Change Department and with a career start in the private sector as an investment banker with Citibank), as the new Executive Director (ED) of the GCF. Joining the Secretariat in early September, the new ED had to hit the floor running to work with the Co-Chairs of the Board to prepare for the Paris meeting. However, her main task has been to prepare the move of the Secretariat of the Fund from its interim position in Bonn to its permanent seat in Songdo, South Korea by December, as mandated by the Durban decision on the GCF. The physical move also means the transition of the Interim Secretariat which operated since Spring 2012 with staff mostly seconded from the UNFCCC and GEF Secretariats to the Independent Secretariat with its own staff to be ramped up over the next few months to the level of support and expertise needed to implement the Board's work plan for the full operationalization of the Fund throughout 2014.

Initial Structure and Organization[8]

The Governing Instrument provides specific guidance on important key features for the way the GCF, once fully operational, will be structured and organized by stipulating that it will have a fully independent secretariat headed by an executive director (paras. 19 and 20); that it will start out with an adaptation and mitigation window and have a private sector facility (paras. 37 and 41); that it will have an accreditation process for all implementing entities (para.49); that it will establish an independent evaluation unit (para. 60), an independent integrity unit (para. 68) and an independent redress mechanism (para. 69); and lastly, that the GCF Board will develop mechanisms for technical expert input (para. 70) and to promote the input and participation of stakeholders (para. 71).

In Songdo, Board members considered a paper on the possible structure and organization of the Fund which assessed the practices of other multilateral organizations with very different sizes and structural complexity ranging from the MDBs, with a matrix of departments and units and a large staff, to the Adaptation Fund, with a small implementation unit of less than ten staff and looked at the cost effectiveness of their respective operations. In the June discussion, the Board noted convergence by its members that the initial structure of the Fund and the Secretariat should be thematic (focused on mitigation and adaption), with a Private Sector Facility, a strong country and programmatic focus and the flexibility to evolve over time. Board members also felt it was important to allow the newly appointed Executive Director to present her vision for how the Independent Secretariat should function. The Board, while giving her guidance, was careful not to make too detailed decisions on the organization of the Fund and the set-up of the Independent Secretariat at this point. In Songdo in June, the Board requested the new ED to present to the Board for decision at its October meeting an organizational diagram and a staffing table for a scalable GCF Independent Secretariat with consideration to cost, time-frame and process for implementing the suggested structure.

In Paris, ED Cheikhrouhou described her vision for the initial structure for the Secretariat to the Board as one to get the Independent Secretariat off the ground with a "lean and efficient core team" which would allow for the analytical and technical support to countries and the Board to prepare the Fund over the next two years to be ready for the initial capitalization and its beneficiaries to be ready to receive GCF funding. She indicated that this structure would be "regularly evolving" and that she would come back every year to discuss with the Board changes needed. Her proposal for the initial structure centered on five core divisions for country programming, mitigation and adaptation, the Private Sector Facility, external affairs and support services, with a director each who together with the Executive Director will form the Fund's management team (see figure 1). The staffing table the ED presented in Paris foresees the hiring of up to 38 professional level staff and around ten general support staff in 2014, to start their work already at the new Fund headquarters in Songdo, South Korea. It suggests that the initial team under the joint mitigation and adaptation division with four specialists will be as large as the PSF team. The biggest division initially will be the country programming division with ten specialists overall of which six specialists will be facilitating accreditation, including environmental and social safeguards and fiduciary standards and another three coordinating the operational dialogue with countries for example on the selection or strengthening of National Designated Authorities (NDAs) or focal points. One expert in this division will focus on monitoring and evaluation. The external affairs division with a staff of six specialists will designate two experts each to work on resource mobilization, communication and outreach and Board liaison respectively. The eight specialists under the operational support services' division will provide legal services, as well as human resource, information technology and finance/risk management.

Figure 1: Initial Structure of the GCF Independent Secretariat

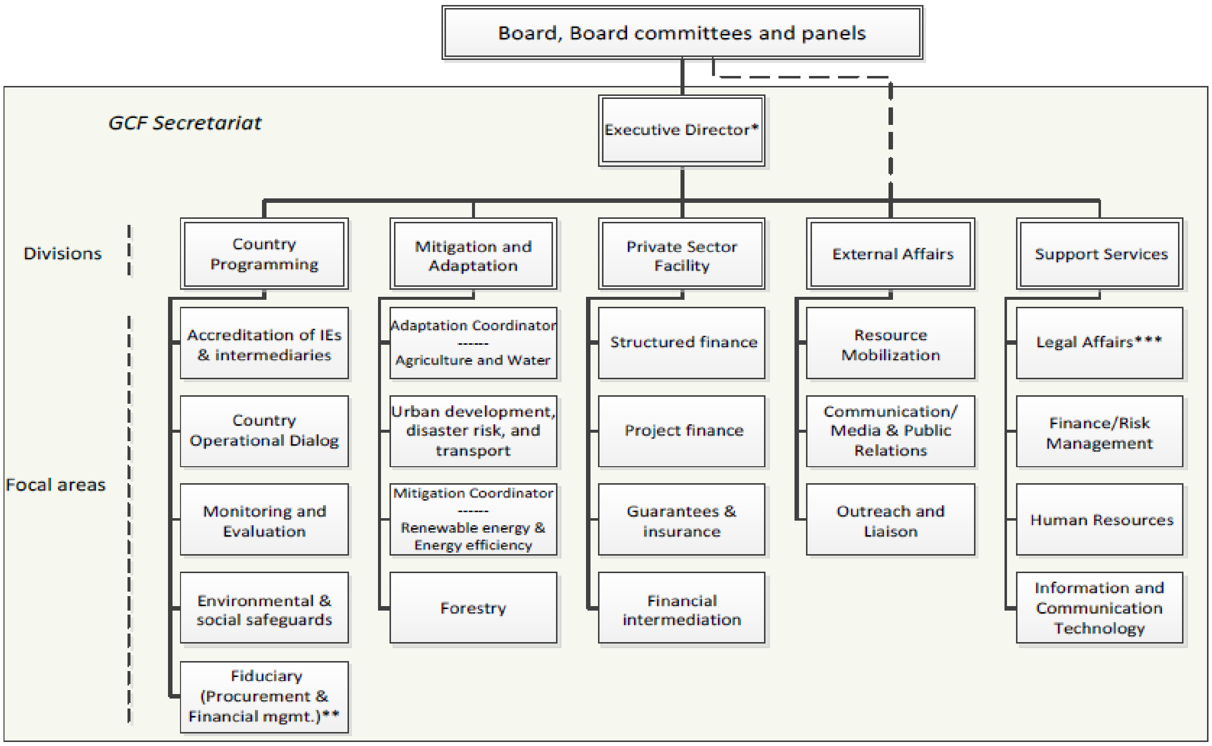
Source: Board document GCF/B.05/10, "Initial Structure and Staffing of the Secretariat (as of September 26, 2013), p.4.

Speaking for several Board colleagues, the member from Egypt welcomed the ED's proposal, lauding her "vision and courage" and stressed the need "to give Hela some flexibility", a sentiment which other Board members (from the UK, France, Japan, the Netherlands and Germany for example) echoed by indicating that they wanted to refrain from micro-managing decisions on the Secretariat's initial structure. The Board members speaking on behalf of the SIDS (from Belize and Barbados) particularly welcomed the strong country programming unit and focus on readiness support, which they stressed as early priority for Secretariat activities over the next two years. Nevertheless, a substantial number of Board members was concerned by the lumping together of mitigation and adaptation experts in one division as proposed in the initial structure. The Board members from India, France, Belize, Belgium, Norway, Barbados and Saudi Arabia felt that a clearer separation of expertise between adaptation and mitigation was needed from the very beginning of the Fund's existence as the balance between mitigation and adaptation funding is what will set the GCF apart from existing funds. The members from India and Saudi Arabia also felt that the proposed structure giving the PSF division a status equal to the mitigation and adaptation division, including with initial staff numbers, downplayed the role of public sector finance for the GCF. This view was shared by the Southern active CSO observer who was concerned that the PSF was over-emphasized and that PSF expertise should include a specialist focused on small and medium-sized enterprises in developing countries. In contrast, the US and Japan were pleased that the PSF was treated as a separate unit, not only because of the different skills-set needed to work with the private sector – a point the Southern active private sector observer also stressed in her intervention –, but also by making the PSF a unique feature of the GCF.

Several Board members (from Belize, Germany, Saudi-Arabia, and Belgium) stressed the importance of gender-balance and regional balance in the hiring of the GCF staff over the next year, with some requesting to have a look at the human resources policy of the Fund to ensure that it is supportive of this goal (for example with respect to parental leave and maternity support). Active observers supported a strong goal of gender-balance among Secretariat staff as well. The Southern CSO observer added that it was not enough to have gender-balance among the staff, but that it was crucial to include gender-expertise among the staff to be hired in 2014 in order for the Secretariat to be able to support a gender-sensitive approach in GCF funding. The Board members from the UK and the US missed the inclusion of an independent evaluation function and integrity units that would directly report to the ED in the initial Secretariat structure, but were satisfied by ED Cheikhrouhou's comment that there was such a provision for a later stage, but that in the initial stage of a pre-operation preparatory phase there would be nothing to redress. She pointed also out that prior to the Fund's capitalization in the interest of having an efficient staffing structure, staff initially would have to work across a broader spectrum of issues and have the ability to move laterally (for example between adaptation and mitigation areas), but that the balanced approach to GCF funding for mitigation and adaptation was at the core of the three divisions on country programming, mitigation and adaptation and the PSF.

The Board approved the initial structure of the Independent Secretariat in five divisions (see figure 1) and took note of the organizational diagram showing the Secretariat's initial organization for 2014 only (see figure 2). It then authorized the ED, pending sufficient contributions in the GCF Trust Fund for the administrative budget for 2014, to recruit the Secretariat staff as outlined in the staffing table which she had presented to the Board. At its first meeting in 2014, the GCF Board will then decide on the terms of reference of the independent evaluation and integrity units and the independent redress mechanism.

Figure 2: Initial organization of the GCF Independent Secretariat in 2014



*initial estimated staff requirement: 1 professional level staff member to support the Executive Director
**In addition to their corporate responsibilities and task, this focal area will work closely with and for the Country Programming division
***provides legal, policy and strategic advice to the Executive Director, the Secretariat and the Board

Source: Board document GCF/B.05/10, "Initial Structure and Staffing of the Secretariat (September 26, 2013), p.13.

Guidance to the Executive Director on the Administrative Policies and Procedures of the Independent Secretariat[9]

The proposed administrative policies and procedures of the Independent Secretariat, which the new Executive Director has to establish under a tight deadline, were already discussed at the 3rd GCF Board meeting in Berlin in March. Rather than deciding that the GCF should follow either the UN administrative system or those of Multilateral Development Banks (MDBs) as distinctly separate options, in Berlin the Board decided pursue a hybrid administrative model that would marry elements of Asian Development Bank (ADB) practice with the administrative framework of the International Fund for Agricultural Development (IFAD) which is – like the GCF – and international Fund within the UN system (supporting the Food and Agriculture Organisation and the World Food Programme).

At the June Board meeting in Songdo, a paper elaborated on the Berlin decision by recommending for approval a GCF administrative framework that will establish privileges and immunities for the Fund's staff with reference to those provided to the International Fund for Agricultural Development and other international financial institutions, and will base the Fund's administrative policies, including for human resources, procurement, travel and finance, on those used by the Asian Development Bank. The Board approved the hybrid option to be largely adopted from existing ADB and IFAD policies and requested the Interim Secretariat to start work on the GCF administrative policies and to report back on progress at its Board meeting in Pars. The Interim Secretariat was also tasked to seek administrative support from another organization to facilitate the transition of the Interim to the Independent Secretariat.

The progress report presented to the Board in Paris detailed the work of the Secretariat on efforts to secure the privileges and immunities for the Fund and its officials in line with the IFAD's practice, which is associated with the United Nations Laissez Passer, with the Secretariat exploring with the UN under which terms and conditions privileges and immunities at a minimum comparable to the Laissez Passer could be secured. The Secretariat has also requested and received full administrative documentation from the ADB following the signing of a confidentiality agreement in July, which provides the basis for developing administrative guidelines for the Fund adapted to the Independent Secretariat's special needs. The ADB was also approached to act as a service provider for administrative support, yet declined but will help nevertheless in assisting the Secretariat in setting up its administrative services. The Secretariat has begun to prepare the headquarters offices, including with state-of-the-art information and communication technology services, and expects to move by early December, with December 4th proposed by the government of South Korea as the date for the official opening ceremony of the new headquarters. In a first immediate step, the Secretariat is currently preparing the basic administrative policies and guidelines necessary to initiate the process of staff recruitment, specifically human resources guidelines (including compensation and benefits, insurance and pensions) and financial guidelines (including payment, procurement and accounting procedures and delivery of general services). Other guidelines and workflows, including regarding the possible outsourcing of some support services such as the Fund's pension scheme are to be considered in 2014.

In Paris, only two Board members provided comments and asked for some clarification. The alternate Board member from the Netherlands urged to have a discussion about decent human resources policies instead of just copying and pasting ADB practices which for example in its provision of maternity-leave is flawed and therefore would not help with the mandate to work toward gender-balance among the GCF Secretariat staff. The Board member from Egypt asked several clarification questions, including on the (cost) effectiveness of the proposed outsourcing of the pension, medical and other life insurance schemes. The Board approved with immediate effect the establishment of the Independent Secretariat of the GCF as mandated in para.19 of the Governing Instrument. The Board also gave the Executive Director the authority to make all necessary arrangement and contracts to have the Independent Secretariat start its operations in the new headquarters offices in the G-Tower in Songdo, South Korea. The Board tasked the Secretariat to explore further with the UN Office of Legal Affairs if either an institutional linkage with the UN or a relationship agreement with the UN will provide Fund staff with use of the UN Laissez Passer. And it restated the authority of the Executive Director, given in Songdo, to develop and make known all administrative guidelines for the operation of the Independent Secretariat based on Board guidance and subject to approval by the Board.

Business Model Framework

At the second GCF Board Meeting in Songdo in October 2012, the Board had established a team of six Board members (from France, the UK, Barbados, Norway and the DRC, with Columbia chairing) to facilitate the preparation of documents on a Business Model Framework (BMF) for the Fund, with the Co-Chairs and the team of six to provide "quality control" on the preparation of these Board documents. The BMF papers covered the main constituent elements determining how the vision of the Fund as outlined in the Governing Instrument's section on objectives and guiding principles (paras. 1-3) will be operationalized. The 3rd Board meeting in Berlin tasked the Interim Secretariat, the BMF team and the Co-Chairs and/or consultants to carry out work on two sets of analytic papers, one for consideration and decision-making at the Songdo Board Meeting in June, the second for discussion and decision at the October Board Meeting in Paris.[10]

For the June meeting, six papers were prepared by either consultants or the Interim Secretariat (although the consultants' name and background were not disclosed). These six papers were intended to present policy choices and design options for the Fund on 1) objectives and desired results of the Fund and performance indicators for measuring these results; 2) how to ensure country-ownership of the Fund, looking at current best practice; 3) assessment of best practice access modalities, including direct and international access, and eligibility and accreditation procedures, drawing on experiences of other multilateral funds; 4) the range of financial instruments the Fund could utilize, their advantages and disadvantages; 5) various institutional models for the Private Sector Facility (PSF), its objectives and performance indicators and models of delivering PSF resources; and 6) structure and organization of the Fund assessing currently existing multilateral instruments.[11] For the Paris Board Meeting, three additional papers on elements of the GCF BMF were prepared with policy choices to inform a decision by the Board on 1) different financial inputs to the GCF and the experiences (benefits, disadvantages and applicability) of other funds; 2) allocation procedures, including results-based approaches of other multilateral funds and their benefits, disadvantages and applicability for the GCF; and 3) key elements of a results management framework and modalities for monitoring and evaluation.

Objectives, Results and Performance Indicators[12] and Results Management Framework[13]

The Governing Instrument describes the objectives of the GCF very broadly by stating that "[i]n the context of sustainable development, the Fund will promote the paradigm shift towards low-emission and climate-resilient development pathways… (para.2). It also requires the Board to approve "[a] results measurement framework with guidelines and appropriate performance indicators", against which the Fund's performance is to be reviewed periodically as a way to improve the Fund's impact, effectiveness and operational performance continuously (para. 58). The Board's workplan for 2013 foresaw to deal with indicators and results measurement via two separate BMF papers, with an initial paper on objectives, results and performance indicators being first discussed at the 4th Board Meeting in Songdo in June and another paper on a results management framework to be discussed at the October Board Meeting in Paris.

The paper prepared for the Songdo Board Meeting on objectives, results and performance indicators was intended to give Board members the necessary information to allow them to make decisions on the objectives of the Fund and the results the Fund aims to achieve by elaborating some of the design considerations and possible trade-offs between short-term and long-term opportunities and priorities, the need to avoid lock in and for a consideration of capacity building and readiness activities accompanying GCF investments to support broad systemic change in recipient countries.

In Songdo, the Board was asked to decide on "initial" or "indicative" priority results areas of the Fund for mitigation, adaptation and cross-sectoral support and a concrete set of performance indicators in support of these results areas. While some developed country Board members in Songdo thought that the possible result areas presented then were too sector-focused and with too little attention to policy transformation, several developing country Board members worried that the choices presented were both too narrow and too prescriptive and thus could undermine country-ownership and national priority-setting by recipient countries as well as their access to the Fund's resources. With the Board unable to reach consensus on priority results areas, it decided instead to defer the decision and "to consider further the initial results areas of the Fund, with an aim to achieve substantial progress" at the Board meeting in October.[14] As a consequence, the Board paper for Paris presented two lists of initial result areas and performance indicators for adoption by the Board that were largely identical to those discussed – and rejected – in Songdo a few months earlier.

In Paris, the Board started to discuss a results management framework (RMF) for the Fund in its informal Board session on the eve of the official Board meeting after an introduction to its importance as effectiveness and efficiency tool by ED Cheikhrouhou, who pointed out that "what get's measured, gets done." She described the need to define initial results areas starting with baselines and setting targets and to develop a logical framework for measuring results at different levels from the global Fund level to the individual activity level with an approach that allows for both Fund-level aggregation but also country-level differentiation and flexibility. Such an approach will have to develop a practical toolkit including a relatively small number of “smart indicators,” which are feasible, not too costly or overly burdensome to developing countries.

The Board members from Egypt, Australia and Switzerland, noting inconsistencies between the two papers dealing with results and indicators and the results management framework respectively, recommended for the Board to address both papers and the two draft decisions together. Board members offered a variety of comments on both papers and expressed dissatisfaction with a variety of key aspects of the proposed draft decisions. The Board members from Saudi Arabia, the DRC, China, Barbados and Egypt objected to the proposed list of 14 initial results areas, pointing out that countries themselves should define their priority results areas. The Board member from Sweden also pointed out that country ownership was not spelled out well enough in the decisions. By contrast, the Board members from Switzerland, the UK, France and the United States saw no contradiction between providing a “menu” of investment options for the Fund and country ownership, as the proposed list was neither exhaustive nor exclusive but part of a “living process”. The representative from China found the list two broad and urged focus, while the Board members from Barbados and Zambia felt that the list paid too little attention to adaptation activities and had insufficient adaptation indictors. The latter point was also raised by the developed Board members from Spain, Sweden, Switzerland and Australia. Both the Board members from the DRC and China wanted to see agriculture removed from the list of initially proposed results areas, stating that in their countries food security concerns under adaptation not carbon soil approaches are a priority and not wanting the GCF to pre-judge an ongoing discussion in the UNFCCC context. The Board member from Brazil urged to include REDD+ implementation as an initial results area with the adage “pending the results of further negotiations in the UNFCCC”, but without an indicators measuring carbon offsets as an issue of environmental integrity.

Several developing country Board members (from Egypt, the Philippines and Columbia) indicated that the discussion about initial results areas would have to be discussed in conjunction with the discourse about resource mobilization, an argument rejected by the Polish and US Board members, but supported by the Southern active civil society observer who demanded large scale resources for large-scale investments to contribute to the paradigm shift. She also urged to consider the work of other bodies under the UNFCCC in defining results and performance indicators and to focus on multiple benefits of GCF investments beyond a narrow emphasis on climate results mainly (as a the suggested initial performance indicators with only quantitative, but not qualitative measurements). Responding to a similar comment made by the Board member from Saudi Arabia who missed a clearer reference to the key issue of sustainable development in the discourse about results, indicators and results management framework, ED Cheikhrouhou stated that non-climate co-benefits or gender-sensitivity would be important criteria to prioritize activities, but would be likely considered more on a project (“output” level), and not on the higher programmatic or fund level (“outcome” or “impact” level), which the Paris Board discourse was focusing on.

In the discussion, several further comments centered on specific performance indicators that Board members saw as crucial to measuring progress towards fulfilling the objectives of the Fund. The Board member from France repeatedly requested to include an indicator on the leverage of additional finance through GCF investments, with the Northern active private sector observer supporting this request and urging to pay more attention to scaling up as an indicator of Fund success in achieving its objectives. In a rare display of agreement, both the Board member of Saudi Arabia and his colleague from the United States asked to have indicators measuring impacts beyond CO_2 reduction to include other greenhouse gases and asked for further refinement of indicators. The Danish/Dutch Board seat in written comments urged their colleagues to address the lack of policy indicators in the proposed framework as the GCF cannot ignore the policy environment in developing countries and its immediate affect on the ability of GCF investments to achieve results. The Board member from Germany, in presenting the Danish/Dutch input, gave the example of domestic fossil fuel subsidies as counterproductive to possible GCF investments in clean energy provision. This example was rebuked by the Board members from the Philippines and Saudi Arabia, who pointed to the global context of harmful subsidy provision (for example agricultural export subsidies) and economic and financial rule setting disadvantaging developing countries and the environment in a USD 45 trillion context.

After several hours of discussion, it was clear that the two draft decisions would not find a consensus in the presented form and that a substantially reworked merged version in a new single decision text would be the best way forward. The South African Co-Chair tasked a team of eight Board members (from Zambia, the UK, China, Sweden, the DRC, Switzerland, Columbia and Hungary) to work on initial results areas, overall performance indicators and Board guidance for an results management approach and advised his Board colleagues to disregard the two initial preparatory papers. A substantially reworked new draft decision (merging elements of the previously two separate ones) presented a day later which included some of the initial indicators and result areas, but attempted to address Board guidance drew cautious praise from colleagues, but also requests for further adjustments.

The Board member from the Dominican Republic wanted clarification that low-emission power generation as one suggested results area would not just be supported on a large-scale, with the representatives from the United States and Belize agreeing and the language being changed to "small-, medium- and large-scale low-emission power generation". The Board members from Norway, Brazil and Germany missed REDD+ implementation as a separate results area in the new decision text and wanted it included again in the list of results areas proposed for Board approval. The Board member from the United States proposed to add into the decision text a passage on "finance mobilized from non-public sources" as one of the key criteria to be considered in the RMF when measuring the performance of Fund activities. He also objected to a reference to "knowledge hubs" as a results area for the Fund, urging to clarify that the GCF would only be able to support the coordination but not the creation of knowledge hubs". The need to ensure gender-disaggregated indicators as a substantial requirement for a gender-sensitive approach of the GCF in its results measurement was highlighted by the Northern active civil society observer in one of the last interventions before the decision was adopted. He also deplored the inclusion of a mitigation indicator on support to the development of negative emissions technologies, such as the number of carbon capture and storage (CCS) projects, criticizing them as unproven and costly technologies.

The final decision adopts 14 initial results areas for the Fund, namely

1) design and planning of cities to support mitigation and adaptation;
2) energy efficiency of buildings and appliances;
3) energy efficiency of industrial processes;
4) low-emission transport;
5) low-emission energy access;
6) small-, medium- and large-scale low-emission power generation;
7) sustainable land use management to support mitigation and adaption;
8) sustainable forest management to support mitigation and adaptation including afforestation and reduction of forest degradation;
9) REDD+ implementation;
10) adaptation activities to reduce climate-related vulnerabilities;
11) selected "flagship" activities cutting across adaptation result areas (to be further defined by the Board);
12) readiness and capacity building for adaptation and mitigation activities;
13) scaling up of effective community-based adaptation (CBA) actions; and
14) supporting the coordination of public goods such as "knowledge hubs".

Projects and program proposals in each result area will be assessed using the same impact indicators to allow for measuring of aggregate impacts. Acknowledging a lack of specificity and depth in adaptation, the Board requests the Secretariat to develop additional results areas and indicators for adaptation activities for Board consideration at its first meeting in 2014. The decision also adopts a set of initial performance indicators for the Fund-aggregate level (see the overview in Annex II). The Fund will develop indicators to measure the impact of Fund activities on strategic improvements at a country-level, but will allow the use of sector-wide or national indicators in specific recipient countries only at the discretion of that country in keeping with country ownership as a core principle for the Fund's BMF.

The decision notes convergence by Board members on key criteria for consideration in a GCF results management framework in addition to the core performance indicators. Those include the potential for paradigm shifts toward low-emission and climate-resilient development pathways; development co-benefits; environmental co-benefits; potential for replication and scalability; cost-effectiveness; avoidance of lock-in of high-emission, low climate-resilient alternative; and finance mobilized from non-public sources. The Fund's results management framework will also include measurable, transparent, effective and efficient indicators and systems to support Fund operations, including how the GCF addresses economic, social and environmental development co-benefits and gender-sensitivity. As a continuously learning institution, the Fund will maintain the flexibility to refine its results management framework, the results areas and performance indicators based on lessons learned and concrete results. The initial result areas, core performance indicators and key criteria decided in Paris will form the base for a detailed operational results management framework that the Secretariat will develop for the second Board meeting in May 2014 which will also take into consideration input by technical expert bodies and the reporting capacity of countries.

Country Ownership – Countries' Transparent No Objection Procedure[15]

At its Berlin Board meeting, the Board agreed that "a country driven approach is a core principle to build the business model of the Fund." The Governing Instrument points to national designated authorities (NDAs), to be selected by recipient countries, as the structural "guarantor" of country ownership by ensuring consistency with national climate strategies and plans. The Durban decision 3/CP.17 on the GCF also mandated the Board to elaborate a transparent no-objection-procedure to be conducted through National NDAs that would allow countries to object to any public or private sector funding proposal inconsistent with recipient country priorities (para. 7).

The Songdo decision on country-ownership[16] reaffirmed country-ownership and a country-driven approach as core principles of the Fund and gives countries the option ("may") to designate an NDA or a country focal point, stipulating that countries should have flexibility with respect to the location, structure, operation and governance of NDAs and focal points. Best practices for their establishment and composition will be addressed at the Board's first meeting in 2014 and the GCF Secretariat is requested to prepare the call for developing countries to start the process of designating them as early as possible and ideally before the second GCF Board meeting next year.

In Paris, the Board only considered a draft transparent no-objection procedure, which would make it the fundamental responsibility of an NDA or focal point to formally communicate to the Fund in a timely and specific matter its no-objection for each funding proposal submitted by GCF-accredited implementing entities. Only funding proposals with a "no objection" status would be considered by the Fund. The draft procedure suggested handling the no-objection procedure for funding proposals submitted by intermediaries separately in 2014.

In the discussion in Paris, several developed country members (from Switzerland, the US and France) found fault with the suggested procedure which would effectively require an active endorsement in the form of a no-objection letter. However, the Secretariat clarified that endorsement is required as a result of decisions on the Additional Rules of Procedures taken at the Berlin Board meeting in March 2013. ED Hela Cheikhrouhou also stressed that the active endorsement, including of private sector funding proposals, is the practice in other funds and helpful in cases where over the life-time of a project a problem occurs. The Board member of Egypt also highlighted the prominence of the procedure to ensure country-ownership, although he felt that the intent of the Durban decision (para.7) in giving the NDAs or focal point the determining role was insufficiently captured in the draft decision. In the exchange between Board members it became apparent that there is a fundamental tension inherent in the no-objection procedure between trying to provide the no-objection letter in a reasonable time-frame to avoid project delays or for it to become an impediment to time-effective funding (as the Board member from the United States and the active private sector observer worried) and the need to provide enough time to allow for participatory, including gender-sensitive engagement of relevant multiple stakeholders in countries in a country's endorsement of a funding proposal (as the Board member from France and the active CSO observer in their interventions demanded). ED Cheikhrouhou volunteered her preference to have strong processes in place to ensure a timely reaction. The Board members from Brazil and Egypt were also concerned that the proposal in the draft decision to develop a separate no-objection procedure for funding proposals submitted by intermediaries could undermine the gatekeeper role of the NDAs/focal points in recipient countries.

The Board member from the UK wanted clarification if in the case of a bundle of activities or specific funding amounts channeled to intermediaries to be then decided and passed on for individual projects the no-objection procedure would apply to the bundle or to each individual activity under a program of activities proposed. The ED replied that the GCF working as a wholesale channel would have to work in regional approaches and with large projects, implying that the no-objection procedure might only apply to the bundle/aggregate funding amount and not the individual projects, but that the Secretariat would need to do further work to fully answer the question. Given that both the Board members from the US and Egypt indicated that they would not be in a position to support the draft decision and several Board members (including from Switzerland and Georgia) requested more information on the application and experience of no-objection procedures in other institutions, the Board decided to only take note of the information presented in the Board paper. It requested the Secretariat to present a revised version of the document for Board decision at its next meeting in February 2014, and to draw for a new draft decision on the guidance from received the Board in Paris.

Access Modalities[17]

The Governing Instrument provides specific guidance on access modalities. It stipulates that the GCF will provide simplified and improved access to funding, including direct access, under a country-driven approach that will encourage the involvement of all relevant stakeholders, including vulnerable groups and addressing gender aspects (para.31). Access will be through implementing entities (para. 40) for which an accreditation process needs to be established (para.49) -- for direct access via sub-national, national or regional level entities and with the option of enhancing direct access (para 47), and for international access through UN agencies, MDBs, international financial institutions and regional institutions (para. 48). A national designated authority will guarantee that funding proposals are in line with recipient countries' own strategies and plans (paras. 45 and 46).

The Board member discussion in Songdo on access modalities proved to be one of the most heated discourses of the 4th GCF Board meeting and was conducted over several days leading to multiple text versions for the draft decision with a spirited give-and-take on key text passages. The most contentious aspect on access modalities, and the one dominating the discussion in Songdo, was on whether and how to address modalities "that will further enhance direct access" as mandated in para.47 of the Governing Instrument. This impasse was only resolved with the inclusion in the Songdo decision of a Board commitment "to consider at its first meeting in 2014 additional modalities that further enhance direct access, including through funding entities with a view to enhancing country ownership of projects and programmes".[18] The majority of developing country Board members viewed such a commitment, and a tight time-frame to develop these modalities, as a key policy under the GCF Business Model Framework and as a necessary counterweight to developed country Board members' pressure for an ambitious Private Sector Facility.

In Songdo, Board members were able to agree on a process for the Fund to develop its own access modalities with GCF-specific accreditation criteria mid-term while moving forward quickly in a phased approach by accepting existing accreditation procedures of "other relevant funds" (without defining which funds those are) on an interim basis. The implementers and intermediaries accredited under those "relevant funds" (including accredited national implementing entities under the Adaptation Fund) could then be granted interim accreditation to the GCF, based on the assessment against the GCF's own accreditation criteria under development. However, it is yet unclear how the Board will ensure consistency or reconcile discrepancies, for example in cases where existing accreditation practices might be lower than what the GCF hopes to set as own accreditation standards. The Governing Instrument mandates international best practice with respect to safeguards, which in some cases is higher than the practice of existing climate funds for example with respect to the integration of human, including gender, cultural, social and political rights.

In the Paris meeting, the Board was tasked with making decisions on the GCF's interim accreditation procedure by looking at the practice of funds it considers relevant for the GCF, including their best-practice fiduciary standards and principles, as well as environmental, gender and social safeguards. A paper prepared for the Board looked specifically at the basic fiduciary criteria (such as key administrative and financial capacities and transparency and accountability) and specialized fiduciary criteria related to project and program implementation, financial intermediation and readiness and preparatory support of the Adaptation Fund, the GEF and European Commission's Directorate for Development and Cooperation (EU DEVCO). For best practice environmental, social and gender safeguards, the paper looked at the World Bank, the International Finance Corporation (IFC), the GEF, the World Bank's Forest Carbon Partnership

Facility and the UNFCCC Cancun Agreements. It also examined a list of existing entities and intermediaries accredited by the GEF (which as currently ten implementing GEF agencies such as MDBs and UN agencies, and three conditionally accredited project agencies, which include two environment NGOs) and the Adaptation Fund (with its ten multilateral, two regional and 15 national implementing entities). Drawing from these backgrounds, the paper proposed a set of criteria that could inform the GCF's own accreditation approach and elaborated a draft guiding framework for such a process.

In the Board discussion, members generally welcomed the paper and the draft decision text and suggested only few language improvements. Several developing country Board members (from China, Zambia and Belize) in their interventions stressed the need to acknowledge different capabilities in different countries and therefore the need for capacity-building efforts to help developing country organizations to meet fiduciary standards and transparency requirements. Rather than handling accreditation too restrictively they saw the accreditation process as an opportunity to build environmental management capacity (including through readiness support). They urged to accept national organizations already accredited under the Adaptation Fund as accredited for the GCF and to ensure that a certain percentage of GCF implementing entities will be national ones. Likewise, the developed country Board members from France and the Netherlands wanted reassurances that implementing entities in the process of accreditation at other climate funds could be considered for the GCF, for example on a provisional basis. The Board member from the UK proposed to specify that a guiding framework for the accreditation process of the Fund should accredit entities not just in line with the Fund's objectives and guiding principles, but also in line with the results the Fund wants to achieve. This suggestion was supported by the Board members from France, Germany and the United States with the US representative clarifying that an attempt to accommodate different capabilities in developing countries should not undermine uniform standards for results measurement. The Board members from Chile and the Philippines highlighted the importance of involving civil society in the accreditation processes and the role of public information in engaging all stakeholders, echoing a need for the highest standards of transparency of the accreditation procedures that other speakers, including the UK had brought up as well. They specifically urged the compliance of GCF social safeguards with labor and human rights. This call was also picked up by the Northern civil society active observer who saw compliance with international human, gender, labor, indigenous and cultural rights as the core of a future GCF accreditation framework and deplored the lack of reference to human rights, including with respect to working conditions, health and safety in the proposed draft guiding framework for the Fund's accreditation process. Several Board members (from Switzerland, Sweden, Spain, Germany and Egypt) welcomed the suggestion in the draft decision to potentially include independent technical experts in the review of accreditation applications for implementing entities and intermediaries, but felt that such a group of independent experts should not be optional, but actually empowered to conduct the accreditation assessments. The Adaptation Fund, on whose Board several current GCF Board members (including from Sweden, Pakistan, Spain and the DRC) have served, has such an accreditation panel composed of independent experts, as does the GEF. The final decision on access and accreditation modalities in Paris reflects this suggestion.

The approved Paris decision notes the agreement among Board members for the need to develop a guiding framework and procedures for the accreditation process of the Fund. Such a framework is to enhance country ownership, accommodate different capacities and capabilities of countries, define the Fund's own fiduciary standards and principles and environmental and social safeguards, and accredits entities in a transparent, objective and credible manner in line with the Fund's objectives, results and guiding principles. The best-practise standards and safeguards the Board paper elaborated are to serve as the basis for developing the Fund's own criteria and standards (but do not restrict the Fund from exceeding those, for example in applying a human and gender rights framework). A team of four Board members or alternates is to oversee the development of the guiding framework for the Fund's accreditation process by the Secretariat which the Board will consider no later than May 2014, when its second Board meeting for next year is scheduled. Several current Board members from Pakistan, Spain, Sweden and the DRC have expertise with the AF and its accreditation procedures and could therefore be well positioned to support the development of the GCF accreditation process. The Board panel will also include four senior international experts to be nominated by the Executive Director, with a call for experts to submit their credentials already posted on the GCF website.[19] The Executive Director will select the four international experts based on the terms of reference that the Board approved in Berlin. The team of eight will work with the Secretariat to develop:

- the Fund's own fiduciary standards and environmental and social safeguards;
- the criteria and application procedures for the accreditation of implementing entities and intermediaries;
- the most appropriate approach for the Fund's accreditation process which should draw on an Independent Technical Advisory Function (i.e. an accreditation panel of independent experts) to conduct the process; and
- an assessment of the institutions accredited by other funds and included in the Board document(EN) against the guiding framework for the GCF accreditation process

The decision also requests the Secretariat to urgently begin its work on activities to support readiness for accreditation among interested sub-national, national, regional and international intermediaries and implementing entities as an early deliverable of the Fund's proposed work program on readiness and preparatory support and to report back to the Board on its progress at the first Board meeting in 2014. In the discussion, ED Cheikhrouhou indicated that the Secretariat will work face-to-face with interested parties as part of the due diligence process; the initial staffing table for the Independent Secretariat for 2014 lists six specialists which are to be hired as quickly as possible to coordinate the accreditation process under the Secretariat's proposed country programming division.

Financial Inputs[20]

At its 3rd meeting in Berlin, the Board requested a paper to address financial inputs to the Funds as part of its work under the Business Model Framework for Board decision at its 5th meeting. The GCF Governing Instrument provides specific guidance on financial inputs, namely that the Fund "will receive financial inputs from developed country Parties" to the UNFCCC (para. 29), and that it "may also receive financial inputs from a variety of other sources, public and private, including alternative sources" (para. 30). At its June meeting in Songdo, the Board's decision on the Private Sector Facility (PSF) acknowledged the need to mobilize funds at scale from "institutional investors, such as pension funds and sovereign wealth funds" eventually.

The paper prepared for Paris looked at grants and concessional loans, the predominant form of financial inputs into public funds, but also at non-concessional loans, bonds issuance, carbon market related flows in addition to large private philanthropic and business contributions and alternative financing sources such as taxes and levies. ED Cheikhrouhou, who presented the paper to the Board, noted the relationship between the forms of financial inputs and the financial instruments of the Fund, namely the terms and conditions under which funding can be provided to beneficiaries, with direct impact on the Secretariat's management of GCF asset liability. The paper points out that in order to avoid a mismatch between the Fund's assets and liabilities (from other than grant inputs), the financial instruments of the Fund should be provided on terms that are in the aggregate not more concessional than the terms of the Fund's financial inputs. The draft decision presented to the Board for discussion acknowledged the fact that the Board already decided to start out with grants and concessional loans only as the financial instruments for the early operationalization of the Fund and therefore recommended that the Fund initially focus on receiving grants from public and private sources, and paid-in capital contributions and concessional loans from public sources only. These inputs, according to ED Cheikhrouhou, represent the most conservative and the most essential of several possible mixes of financial inputs for the Fund.

In their discussion, predictably Board members from developed and developing countries sharply differed on the recommendations of the Board paper and their agreement with the draft decisions, with underwent several revisions before its final adoption. Several developing country Board members (from Barbados, Egypt, the DRC, Saudi-Arabia and Zambia) pointed out that public contributions of developed country parties to the Convention should form the primary portion of GCF financial inputs (in accordance with para. 29 of the Governing Instrument), while developed country Board members from the UK, Germany, the US and Japan wanted maximum flexibility to allow financial inputs from a variety of other sources, including from alternative sources, from Non-Annex II countries with the financial strength to contribute (as South Korea has already done and Brazil had offered at COP 15 in Copenhagen) and for inputs to the Private Sector Facility. The latter view was shared by the Northern active private sector observer who highlighted the options of initiating GCF climate bonds and drawing on social impact investors to fulfill the GCF's ambition. In contrast, the Northern active CSO observer underlined the importance of grants, pointed out that the experience with the acceptance of concessional loans in the World Bank's Climate Investment Funds has been mixed and stressed the need to evaluate experiences after the initial operationalization phase before expanding input options.

Since outflows from the GCF will initially be only in form of grants and concessional loans, several Board members worried about the predictability of inputs to guarantee those outflows (the Egypt Board member) and about the potential complication of accepting concessional loans (expressed by the Board members from Japan, Germany and France), as loan reflows will need careful management and that could have implications for the management capabilities of the Fund, its work-load and staffing (according to the Chinese Board member). The Board members from the DRC and Egypt both reiterated their understanding that the GCF is expected to operate as a fund, not a bank, which would prohibit more complex financial inputs requiring sophisticated asset and risk management expertise. Several Board members (from Japan, France, Chile and Switzerland) were concerned about a passage in the draft decision that would allow cross-subsidization, meaning the repayment of concessional loans in default by drawing on grants and paid-in capital contributions first. The Board member from Chile in particular wanted assurances that paid-in capital contributions, which have to be reimbursed over the life-time of the Fund, would not lead to changes in the governance of the Fund, for example in terms of voting weighted by contributions, a concern shared by civil society. The Board has yet to decide on rules of procedure for voting. Board members urged an inclusion in the final decision that the future risk management framework and investment strategy to the developed by the Secretariat in 2014 would need to include consideration of the specific risks associated with accepting concessional loans, including cross-subsidization.

Saudi-Arabia objected to an original decision text passage that would have asked the Secretariat to develop a document with modalities for attracting alternative sources as financial inputs by pointing out that the Board has no single accepted definition of what constitutes alternative sources and that instruments such as taxes on maritime or air transport and border adjustment taxes would shift the burden of generating funding for the GCF from developed countries to the population of developing countries. With a number of developed country Board members (including from France, Japan, Norway and Poland) as well as the Board member from China stressing the importance of not excluding alternative sources of financial inputs to the Fund (which the Governing Instruments explicitly allows in para. 30), the final decision text now includes the request to the Secretariat "to prepare a document for understanding and defining alternative sources of financial inputs to the Fund for consideration by the Board at its second meeting in 2014." The adopted decision restates paragraphs 29 and 30 of the Governing Instrument, gives the Fund flexibility to receive inputs on an on-going basis (and not just tied to a pledge meeting or replenishment process) and allows for the Fund to receive additional types of inputs beyond grants, concessional loans and paid-in capital contributions "at a later stage to be decided by the Board." The Board work plan for 2014 has already included a discussion

Financial Instruments – Terms and Criteria of Grants and Concessional Loans[21]

At the Berlin meeting in March 2013, Board members agreed that the GCF would "[c]ommence as a fund that operates through accredited national, regional and international intermediaries and implementing entities" and disburses its funding initially only via grants and concessional loans.[22] Other financial instruments can be added and employed following Board approval later on, with financing focusing on covering "identifiable additional costs" to make a climate investment viable and on catalyzing or leveraging additional public and private investments (Governing Instrument, para. 54).

At its last meeting in Songdo, the Board had a very contentious discussion on possible financial instruments for the Fund, including guarantees and equity investments in addition to grants and concessional loans. A number of developed country Board members then urged the flexible use by "a strongly ambitious Fund" of a full range of financial instruments with a special focus on guarantees, risk mitigation instruments and performance-based financing instruments as a way to raise money for the Fund. In sharp contrast, several developing country Board members wanted the Fund only to provide financing in line with the Convention's mandate in Article 11 which urges developed countries to support developing countries' climate action by providing financing on a grant or concessional basis. What financial instruments the GCF will use in the medium-term in addition to grants and concessional loans will also depend on the level of resources and types of financial inputs the GCF Trust Fund will receive. With more complex financial instruments, the GCF will have to be structured and staffed more like a bank than a primarily grant-giving fund in order to assess risks and determine varying levels of concessionality and commercial viability of projects (for example to calculate incremental costs).

Following a narrow decision on financial instruments in Songdo, at the Paris meeting the Board only considered the terms and criteria of grants and concessional lending the Fund would deploy initially through accredited intermediaries and implementing entities as laid out for the Board in a paper and draft decision.[23] The draft decision proposed a set of guiding principles and factors applicable, with a different sub-set each proposed for public sector and private sector operations, as well as joint public-private operations. In the discussion, the US Board member proposed to use one set of principles applying equally to public and private sector operations, with the French Board member urging to include a reference to technical assistance as an example for activities that should be covered by grants elements.

With the Board member from Egypt objecting to an open-ended application, the Board agreed to a set of nine guiding principles for public and private sector operations to be used in the initial operationalization of the Fund, such as that grants elements should be tailored to incremental costs or the risk premium required to make investments viable; that the right level of concessionality needs to be sought in order to avoid displacing investment that would have otherwise occurred; that recipient countries level of indebtedness and their debt sustainability needs to be considered; that financial instruments' structure terms have to be case-specific; and that engagement has to be such that the crowding out of commercial financing can be avoided while leveraging of other financing, including maximizing of private sector leveraged financing, is pursued. The average terms of the financial inputs into the Fund (their grant elements and concessionality) will be one factor taken into account when determining the terms of financial instruments in the initial operationalization phase of the Fund, as will be the expertise and capacity of financial intermediaries and implementing entities and the risk-sharing between public and private investment. The Board also looked at three basic criteria with several parameters to be applied to the terms and conditions of instruments, such as how specific financial instruments contribute to the results areas of the Fund for example through their impact (on the market or with respect to the paradigm shift) or through their support of non-climate co-benefits or the integration of relevant standards and safeguards. Whether a financial instrument is used for an activity that is project-based or programmatic, if it is meant for policy reforms or specific capacity-building will also be considered. An activity's viability and likelihood of success is an additional basic criteria, as is the efficient and catalytic use of resources. Rather than approving these basic criteria and requesting the secretariat to finalize standard terms and conditions for grants and concessional, the Board in Paris only took note of them. This change responded to the concern of several Board members (from Germany, the United States and the UK) who were worried that deciding on such standard criteria and terms now might undercut the flexibility needed for risk management, especially if the Board is to approve other financial instruments in late 2014.

The Paris decision now requests the Secretariat to develop terms and conditions for grants and concessional loans that are guided by the principles and criteria elaborated in Paris, but not set by them. The Secretariat is also to prepare a document on the use of other financial instruments, including risk guarantees and equity investments, for the Board's consideration at its eight meeting end of September 2014.

Allocation[24]

The Governing Instruments gives Board members critical guidance for the development of an allocation approach, including that the Board will have to balance the allocation of resources between mitigation and adaptation activities under the Fund (para.50); that a results-based approach will be an important criterion for allocating resources (para.51); and that in allocating resources the Board will have to take into account the urgent and immediate of developing countries that are particularly vulnerable to climate change, including LDCs, SIDS and African states, with the Board using minimum allocation floors as appropriate and aiming for geographical balance (para.52). Other rprovisions of the Governing Instrument also have implications for a GCF allocation framework, including the reference to thematic funding windows (para.37), the Private Sector Facility (para.41) and the Fund's country-driven approach (para.42) as well as a reference to timely disbursement via streamlined programming and approval processes (para.53).

At the 3rd Board meeting in Berlin in March, Board members decided to initiate work on the Business Model Framework via ten separate issue-focused preparatory policy papers for Board discussion with a paper on allocation to be prepared for the 5th Board Meeting. The paper presented to Board members in Paris proposed five guiding principles for the GCF resource allocation system, namely to be strategically focused on the Fund's mandate, objectives and priorities; to be country-driven; to be results-based (by incentivizing a paradigm shift or the strengthening of enabling environments); to be efficient (i.e. focused on delivering the most transformational impacts); and to be predictable and transparent. Looking at the experience of existing funds, it then identified five possible building blocks of a GCF resource allocation system, such as tiers (for directing specific funding proportions of the Fund resources according to theme or country groups); set-asides to meet specific priorities of the Fund (such as for a small grants facility or community level support); allocation/reallocation of supplementary or unutilized allocations; rules for country-based allocation (based on their needs or performance); and lastly modification of such country-based allocation rules (for example by bringing competition into the mix). How to incorporate a results-based approach and how to address the needs of particularly vulnerable countries (whether through set-asides or improved access terms) was then also deliberated in line with the mandate of the Governing Instrument. The paper lastly proposed three options for resource allocation, namely an activity-based single-tier one (as used in the Adaptation Fund or the LDCF); a theme and activity-based one; and thirdly an allocation system based on theme, country and activities. The draft decision then proposed a theme/activity based approach which would make allocations under mitigation, adaptation and the Private Sector Facility.

In their discussion on the allocation decision stretching over two days, a significant number of Board members found some fault with different aspects of the draft decision. The Board members from Sweden and the DRC were asking to see allocation for adaptation more protected in the draft decision, including with a reference to a balanced allocation, which the Governing Instrument clearly mandates. The representative from the DRC also urged to ensure that the GCF's allocation approach would be gender-sensitive. The Board members from Barbados, Egypt and the Dominican Republic objected to the lack of a reference to a minimum allocation floor specifically for SIDS, LDCs and African states in the draft decision, despite strong language to that effect in the Governing Instrument and warned against "cherry-picking" just some of the provisions of the GI to be operationalized. Developed Board members from Australia and the United States agreed with the notion of a minimum allocation floor, but wanted it handled via a set aside for these most vulnerable country groups, with the rest of GCF resources allocated based on competitive proposals.

The Board members from Egypt and India took issue with the draft decision's reference to specific allocations for the Private Sector Facility, pointing out that the PSF is only a tool for the Fund to reach certain objectives and that GCF allocation should support the Fund's objectives, not some of its specialized instruments. A similar argument was made by the Northern active CSO observer, who stressed that the PSF would not need dedicated allocations since public and private money both serve adaptation and mitigation needs. The Southern active private sector observer disagreed and urged the Board to devote sufficient resources to bringing the private sector into GCF investments. The Board member from Germany summarized a German non-paper on allocation that he had shared with Board members and that focused on how to operationalize the paradigm shift the GCF seeks to support in its allocation process, including through results-measurement for both mitigation and adaptation, and the up-scaling of funding for sector-wide or regional and economy-wide approaches. The Board members from France and Poland agreed with the recommendation to strengthen the focus on the paradigm shift and the effectiveness of investments as allocation criteria stronger in the draft decision, specifically for mitigation. However, they professed some unease about treating adaptation via results-based approaches. The French Board members indicated that he would prefer to have a country allocation based on needs and vulnerability for adaptation, with the Board members from Egypt, the Philippines and the Dominican Republic agreeing. The Philippine Board member also recommended to have a specific set-aside for sub-national actors, including civil society organizations and local governments which he described as key actors to address communities' adaptation needs. A set-aside for a possible small-grants facility was also brought up by the Northern active CSO observer. In contrast, the UK Board member asked to keep a GCF allocation procedure simple and straight forward and to not tie up any funding in set-aside. Several Board members worried about an excessive concentration of mitigation funding in just a few countries, with some proposing an allocation ceiling or caps for mitigation (as suggested by the Board members from France and the United States) or via a geographically balanced approach (as the Board member from Germany suggested).

A second version of the draft decision tried to address many of these concerns, but lost previous references to sustainable development as the context for GCF funding allocation for mitigation and adaptation. The Board members from Belgium, Brazil, the Philippines and Germany asked to bring these back into the draft decision. At the same time, the Board members from Egypt, India and Saudi Arabia now felt that the references to the paradigm shift were out of proportion, particularly without a clear definition and common understanding of its meaning among the Board and divorced from the reference in the Governing Instrument (para.2) with highlights also the resource mobilization dimension.

With the deliberations at an impasse, two Board members (from India and the United States) were tasked to propose further text changes for another attempt to finalize the decision on the following day, when the Board was able to agree on just a few additional language modifications before adopting the decision. In its approved version, the decision confirms the theme/activity-based approach to GCF allocation with an allocation system kept under continuous Board review. It clarifies that the Fund will initially make allocations under adaptation, mitigation and the Private Sector Facility with a balance between adaptation and mitigation and "the appropriate allocation of resources for other activities", an implicit acknowledgement of the possibility to establish set-asides. However, the language is not clear on whether the balance applies Fund-wide or with respect to the mitigation and adaptation windows only. Resources for adaptation will be allocated based on the ability of the proposed activity to address climate change impacts "in the context of promoting sustainable development and a paradigm shift" and the urgent and immediate needs of vulnerable countries, in particular LDCs, SIDS and African states. Allocation for mitigation funding is to be "based on the ability of a proposed activity to demonstrate its potential to limit and reduce greenhouse gas emissions in the context of promoting a paradigm shift". With relation to the PSF, allocations are to be based "on the contribution a proposed activity makes towards promoting a paradigm shift" and to promote the participation of local private sector actors, including small and medium-sized enterprises and local financial intermediaries, as well as enable private sector involvement in SIDS and LDCs.

For the second Board meeting in 2014, the Secretariat is requested to develop a more detailed resource allocation approach that facilitates cross-cutting proposals, geographical balance, results orientation and country-driveness. The Board also asked the Secretariat to prepare for the same meeting an initial process for review and approval of funding proposals.

Readiness and Preparatory Support[25]

The Governing Instrument makes readiness and preparatory activities and technical assistance, for example for low-emission development strategies and plans (including NAPAs, NAMAs and NAPs) and for in-country institutional strengthening (including for dealing with standards and safeguards for direct access), an explicit mandate of the GCF (para. 40). This acknowledges that support for preparing developing countries to be "ready" for GCF funding is a indispensable element of the effectiveness of the GCF.

GCF readiness and preparatory support is most critical for least developed and small island developing countries, which have been severely under-funded by existing climate finance instruments and often lack the capacity to access funds and implement programs, both directly and in cooperation with international implementing agencies. Developing country Board members from these country groups over the course of the last few Board meetings repeatedly advocated for readiness and preparatory support that is flexible and responsive to country needs and circumstances (and for example supports country needs assessments), that is sustained and iterative and not a one-off activity, and that is provided independent of progress on the BMF with fast-tracking of activities identified as "no-regret options." Such activities could be focused on identifying complementarities and gaps in existing efforts on readiness and preparatory (with more than 36 existing bilateral and multilateral initiatives[26]), including through the GCF Secretariat, and on fast-tracking some readiness finance even before the GCF is fully up and running (for example through separate resource mobilization efforts by the GCF Secretariat independent of the formal GCF resource mobilization process).

At its 3rd meeting in Berlin in March 2013, the Board decided[27] to initiate a GCF readiness phase by identifying short-term initiatives to support readiness and preparatory support, asking the Secretariat to act as a kind of coordinating mechanism and clearinghouse on readiness support needs and gaps and to engage with existing initiatives and programs to ensure coherence. At the June meeting in Songdo, BMF decisions on country ownership, access modalities, and results management also included cross-references to readiness and preparatory support. In mid-July, the Caribbean Development Bank (CBD) and the Deutsche Gesellschaft for Internationale Zusammenarbeit (GIZ) in partnership with the GCF organized an international workshop on readiness and preparatory support in Bridgetown, Barbados with a number of Board members participating. The workshop saw a crucial role for the GCF in helping countries to identify priorities for actions that help promote the paradigm shift and in preparing a high-quality pipeline of projects.[28]

In Paris, Board members welcomed the Board paper high-lighting country-driveness, eligibility of all countries, flexibility to accommodate different needs and country characteristics, stakeholder inclusiveness and gender-sensitivity as well as the iterative, continuously adapting and improving provision as guiding principles for readiness and preparatory support. Board members were generally supportive of the draft decision, only suggesting a number of textual clarifications and improvements. This underscored the widespread political support readiness and preparatory support has from developing and developed country Board members alike. However, a number of Board members worried about wording in the draft decision that suggested that preparatory support could be a prerequisite for countries to meet the Fund's objectives. The Board members from China, Columbia and Barbados wanted clarification that readiness cannot be regarded as precondition to access to GCF funding as countries are at different stages of readiness. Developed country Board members from Germany, France, Sweden and Norway agreed and supported the suggestion to strike the offending passage. Other important text edits included a provision for support for multi-stakeholder consultation mechanisms related to the establishment and operation of National Designated Authorities (NDAs) and focal points, which the Board member from Barbados offered. He also wanted to include reference to support for regional level activities, which are of particular importance for small island developing states (SIDS). The Board member from the Philippines asked to clearly state in the decision that readiness and preparatory support would be provided to all developing countries and take into account "the urgent and immediate needs" of the most vulnerable country groups, with the Board member from the DRC stressing that readiness has to be considered, and be treated within the GCF Secretariat, as an ongoing process. This point was also underscored by the Northern active civil society observer, who pointed out that the GCF will need to consider not only initial but long-term needs of developing countries. Several Board members (from Germany, Sweden and Norway) underscored the need to place GCF readiness within the landscape of existing activities (including some South-South cooperations that might not be well-known), urging clear decision language on a strong coordinating role for the GCF Secretariat. The Board member from Germany also stressed the need for "fast-start"-type finance provision on readiness and preparatory support such as the one Germany is currently providing bilaterally (implementing its € 40 million Durban commitment for readiness and preparatory support) to be aligned with the standards of the Fund; the Board member from Sweden agreed that the quickest start for GCF readiness finance might lie in such alignment with bilateral donor initiatives.

The Paris decision reaffirms readiness and preparatory support as a strategic priority of the Fund to enhance country ownership and access for countries in the early stages of Fund operationalization, which is to be provided to all eligible countries and with the scope of supported activities evolving over time in accordance with countries' specific circumstances. Specifically, the GCF is to provide support for the preparation of country programs for low-emission, climate resilient development; to strengthen in-country, Fund-related institutional capacities (such as for NDAs or focal points); and to enable implementers and intermediaries to meet the Fund's fiduciary standards and environmental and social safeguards for direct access. At the first Board meeting in 2014, the Secretariat is to present a detailed work program on how readiness and preparatory support through the GCF can be provided. Such a work program should include the assessment of countries' readiness and support needs; outreach activities (including regional workshops, awareness raising or stakeholder consultations); knowledge-sharing and peer-to-peer learning activities; as well as a possible help desk in the GCF Secretariat for advisory services to NDAs or country focal points and national and sub-national entities seeking accreditation with the Fund. The decision mandates the Secretariat also to prepare a possible allocation approach for readiness and preparatory finance support for the first Board meeting in 2014 and – in ia newly added paragraph – requests the Secretariat to play an active role in mobilizing resources for GCF readiness and preparatory support.

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 work plan of the Board for 2013 did not address gender. Likewise, the work done so far under the BMF discourse and other work areas have paid insufficient attention to a gender-sensitive approach as an area to be addressed in implementing a paradigm changing vision for the Fund. Only a few of the Board papers prepared for members' consideration in Paris made any reference to the importance of the gender mandate in the GI and tried to suggest ways it could be addressed, such as BMF papers on the results measurement framework and on access modalities with its focus on safeguards in the context of accreditation procedures. The Paris paper on the initial structure and staffing of the Secretariat acknowledges that the Secretariat in its recruiting efforts will have to address the guidance by the GI for gender and regional balance in the Secretariat staff (para. 21). And the paper on modalities for readiness and preparatory support lists a gender-sensitive approach as a guiding principle for such modalities.

At the 4th GCF Board meeting in Songdo in June, the Danish/Dutch GCF Board seat represented a non-paper on *"Operationalizing the Gender-Sensitive Approach in the Green Climate Fund"*[29] with a set of recommendations on how the gender dimension could be addressed and integrated in the BMF, such as in the PSF, the structure and organization of the Fund, its access modalities, financial instruments, allocation approach or results measurement framework. It makes 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, 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 their recommendations on BMF relevant policies up for decision in Paris, see Annex III). In Songdo, the Board Co-Chairs agreed to put gender on the agenda for the 5th Board meeting in Paris where, absent a Board paper for Board consideration and decision, gender was addressed under "other business" on the third day of the official meeting.

In opening the discussion, the Australian Co-Chair acknowledged that a number of Board members had raised the issue with the co-chairs and requested its consideration under a proposed draft decision that would reaffirm the Fund's commitment to a gender-sensitive approach, decide to consider a gender-sensitive approach to the Fund's objectives and operational policies and request the Secretariat to present for the Board's consideration a working document at the second Board meeting in 2014 setting out the options for a Fund-wide gender-sensitive approach.

The Board member from the Netherlands welcomed the Board's consideration of gender, but urged a stepped up time-table for the discussion of options for a Fund-wide gender-sensitive approach, arguing that the work on the Business Model Framework, into which gender considerations should be integrated, is progressing now pretty rapidly and that a substantial amount of work has already been done in preparing the Danish/Dutch non-paper. He therefore requested the preparation of an options paper and its consideration by the Board already at its first meeting in 2014. The Board members from Sweden, the UK, Brazil, Australia, Germany, Switzerland, Barbados, France, Japan, the United States, Zambia, Norway, Egypt and India all supported this request with the members from India and Egypt pointing to parallel efforts at the UNFCCC with the recent gender decision at COP 18 in Doha, Qatar. The representative from Saudi Arabia, who had some clarifying questions as to the extent of a gender-sensitive approach and feared it might be too open-ended, did ultimately also support the approach to present a working document for Board consideration at the February 2014 Board meeting.

Board Committees and Panels[30]

General Guidance

At its 4th Board meeting in Songdo in June, the Board agreed to discuss the establishment and specific terms of reference of several permanent and ad hoc committees of the Board at the Paris meeting. Since the start of the Board meetings in August 2012, several such ad hoc committees had assisted the Board in fulfilling its functions, for example a Board committee helping with the Business Model Framework work, the Board Committee that worked on the Additional Rules of Procedures during the first three Board meetings, and the Board Committee that was spearheading the selection of candidates for the position of GCF Secretariat Executive Director. A document prepared for Paris elaborated general guidelines for the composition, leadership and operating procedures of such Board committees and panels and clarified its working relationship with the Secretariat, including the issue of whether the ED would be able to participate in Board committees and panels.

In the discussion, Board members acknowledged the importance of committees and panels for the ability of the Board as a non-sitting Board to get its job done, but urged a clear differentiation between ad hoc and standing committees. The Board members from Sweden, Egypt and the DRC felt it was important to have some general not too prescriptive guidelines, not the least in order to give some guidance to the Secretariat on logistical support needed for example with respect to the preparation of document and the facilitation of meetings and to establish a careful division of labor between the Fund management and the Board, although members expressed doubt that general guidelines were needed at this point. Picking up on this point, the Board members from the US, Spain, Poland and Norway argued that since specific terms of reference are being developed for each individual committee or panel, general guidelines would not be needed at all, and guidance to the Secretariat could instead be given via the substance of the provisions for specific committees and panels. Rather than adopting the proposed general guidelines, the Board only took note of them and decided to consider general guidelines for Board committees and panels again at a later stage. In the meantime, any Board committee or panel to be established will have to define its purpose and functions as well as its mode of operations in respective terms of reference, with the Additional Rules of Procedures, which the Board adopted at its 3rd meeting in Berlin applying to all of them. However, as the Southern active civil society observer pointed out, the Additional Rules of Procedure do currently not allow for the participation of active observers in such Board committees or panels by default, nor the sharing of committee or panel documents with them.

The Board then turned its attention to the draft terms of reference of several standing Board committees established in Paris, namely a Risk Management Committee, an Investment Committee, an Ethics and Audit Committee and the Private Sector Advisory Group (PSAG). It did not reach consensus on the suggestion by the Chinese Board member to establish two additional standing Board committees, namely one dealing with strategic issues and one with human resources and compensation (the latter proposal also supported by the member from Saudi Arabia). The Board members from France and the UK worried about over-taxing a Board of 24 members with too many committees. For the Secretariat, the ED agreed with the need to careful allocate staff time and therefore only focus on the absolutely minimum number of Board committees necessary at this time such as the ones proposed for adoption in Paris. The two Board constituencies are supposed to put forward their respective Board nominees for the three constituted standing Board committees and the PSAG within a few weeks after the Paris Board meeting.

Risk Management Committee

At its June meeting, the Board requested the Secretariat to prepare the draft terms of reference for a Risk Management Committee. This is in line with the mandate of the Governing Instrument for the Board to develop an appropriate risk management policy for funding and financial instruments (para 56). The Risk Management Committee will be composed of six Board members or alternate members total, three each from developed and developing countries. They serve for an initial term of 18 months, although the Board member from the DRC reminded his colleagues that in several regional constituencies Board members only serve one year terms and could therefore be excluded from participation in the Risk Management Committee. At the request of the Board member from the Philippines a reference was added allowing the Executive Director to attend its meetings in an advisory capacity. The Risk Management Committee will oversee the development of an appropriate financial risk management framework for the Fund by the Secretariat to enable the GCF to manage its risks such as exposure or liquidity risks. In a second stage, the committee will oversee the development and implementation of a risk management framework that covers others types of risks to the Fund. The committee will monitor the management by the Secretariat of the Fund's overall risk profile, including for the Private Sector Facility. It is the Risk Management Committee's role to confirm that the Fund will be operating within Board-approved risk limits. The Committee will also develop recommendations from independent evaluations of Fund risk management practices and will consider advice from both the Investment Committee as well as the Private Sector Advisory Group.

Both the Risk Management Committee and the Investment Committee are institutional bodies which are essential for the operationalization of the Fund's financial risk management and investment framework, one of the policy requirements acting as a trigger for the resource mobilization process. In the Board discussion on these committees, the Board members from Egypt, Zambia and DRC urged to ensure that the decision language on those two committees was not only compatible with the decision text on resource mobilization, but also that there would be no delay in approving the terms of reference for both committees.

Investment Committee

Like the Risk Mangement Committee, the Investment Committee is being set up as a standing Board body with three Board members or alternates each from developing and developed countries serving for an initial term of 18 months and a build in review process to evaluate the usefulness and continued necessity of the committee after three years, as well as with provisions to manage conflicts of interest. As in the case of the Risk Management Committee, the Board members decided to add a passage to the decision that the Executive Director can attend its meetings in an advisory capacity. The committee will receive advice and recommendations by the Private Sector Advisory Committee. The Investment Committee's main role is to oversee the develop of the Fund's investment framework by the Secretariat, review investment strategies and instruments and recommend them for approval to the Board, especially for the Private Sector Facility while taking into account the GCF's objectives and results areas, social and environmental safeguards and its risk management framework. The Investment Committee can propose the use of additional financial instruments and recommend to the Board that they be included in the Fund's investment approach, if existing ones in a review conducted by the Investment Committee are considered insufficient to fulfill the Fund's objectives are or deemed not economically viable.

In the discussion, the Board member from Egypt ask for some clarification with respect to the role of the GCF Trustee in the Fund's investment strategy and suggested to include some reference to the Board committee working with the Trustee directly (not through the Secretariat) for example in addressing investment of assets held in the Trust Fund. In response, the South African Co-Chair and the Executive Director clarified that this concern would be covered by the mandate of the Governing Instrument for the Secretariat to prepare financial agreements with Fund implementing entities related to specific financial instruments the implementers will use (para.23(g)) as well as through the oversight provided by the Risk Management Committee. The Board member from the Dominican Republic brought up the incompatibility of Board member terms in some regional groups (where Board members serve on a rotation schedule only for one year at a time) with the committee membership and asked to address this issue. This might become a consideration in the selection of Board members for all committees. The terms of reference for the Investment Committee were adopted without a change in the terms of Board membership.

Ethic and Audit Committee

The Board approved altered terms of reference for the Ethic and Audit Committee as a standing committee of the GCF Board. A number of Board members (from Egypt, the Philippines, the United States, Australia, the DRC and Saudi Arabia) stressed the importance of this body and its role as a "policing committee" for the Fund. The Board member from Saudi Arabia therefore suggested to increase its suggested size of four Board members or alternates total, which the Board did in line with the six Board members or alternates, three each from developed and developing countries, that form the membership in the other standing Board committees. However, contrary to the other standing committees, the participation of the Executive Director in meetings of the Ethic and Audit Committee was not encouraged, with the Board member from the Philippines feeling that this would be inappropriate and the Board member from the United States asking for some further clarification on who would be overseeing whom in that committee. To address the US concerns, a separate paragraph was added to clarify that the Executive Director will put in place structures to address conflicts of interest, confidentiality, ethics, financial management, procurement and other audit functions as they relate to the Secretariat. The Ethic and Audit Committee will oversee the work of a draft Board policy on transparency, ethics and conflict of interest, including the issue of confidentiality, for consideration by the Board. At the request of the Board member from Egypt who stressed the need to develop such a policy as soon as possible a reference to its consideration by the Board in 2014 was added. Specifically, the Ethics and Audit Committee will provide:

- Guidance on the development and review the implementation of and compliance with the Funds comprehensive information disclosure policy;
- Recommendations for the establishment of the Fund's Independent Integrity Unit and independent redress mechanism;
- Advice to the Board on financial reporting and audit requirements for the Fund;
- Recommendations to the Board as a result of audits of the Fund's administrative budgets; and
- Recommendations to the Board as a result of external audit reports.

Private Sector Advisory Group

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 in discussing the Fund's structure and organization. However, while for several developing country Board members the key issue here was the accountability of the PSF to the GCF Board, including the Board's responsibility and readiness to address the risks of PSF investments, for several developed country Board members such an integration indicated a desire to "mainstream" a private sector and leverage focus throughout GCF activities (and to not just confine it to a specialized business unit under the Fund). The Songdo decision to establish a Private Sector Advisory Group (PSAG) that will make recommendations to the Board on Fund-wide engagement with the private sector and on modalities to that end is in line with such a "mainstreaming private sector activities into all of the GCF"-approach.

In Songdo, the composition of the PSAG as a joint panel of Board members and external experts on private sector involvement and investments was an issue of contention. Originally, a majority of developed country Board members wanted only four Board members (two each from developed and developing countries) and up to eight private sector representatives with four each from both developed and developing countries as members of such a panel. Several developing country Board members, particularly from Africa, and the active civil society observers, however stressed the importance of bringing at least two civil society representatives with private sector expertise into such a body as a matter of accountability and transparency and prevailed with their demand.

In Paris, the Board was asked to approve the terms of reference for the PSAG, including a set of criteria to determine private sector and civil society members of the group. Members of the PSAG will server for an initial term of 18 months, with non-Board experts serving in their personal capacity and not allowed to delegate their role in the group to other (outside) individuals. A review of the usefulness and continued necessity of the PSAG by the Board is scheduled after three years. In line with the agreed terms of reference for the Risk Management and Investment Committees, which are to consider recommendations and advice from the PSAG, the Executive Director is invited to attend the PSAG in an advisory capacity.

Several Board members from both developed and developing countries asked for some language changes. As part of suggested amendments and changes, the Board member from Japan proposed to include a mandate for the PSAG to "make best use of the knowledge on best available technologies" in providing their recommendations to the Board on how the Fund, including its Private Sector Facility, should engage the private sector in order to catalyze, mobilize and leverage private climate finance flows in developing countries. The Board member from Norway wanted clarification that the PSAG is to provide recommendations to the Board on how to promote the participation of private sector actors "in low-emission and climate-resilient development" in developing countries with a special focus on SIDS and LDCs and focusing on local actors, including small- and medium-sized enterprises and local financial intermediaries. The Board member from Egypt voiced doubt that the four Board members to be included in the PSAG would even be able to fulfill the criteria as laid out for the selection and appointment of all PSAG members, including expertise on climate finance and investment and leveraging private finance in developing countries as well as expertise in private sector activities and technologies related to low-emission and climate resilient development.

Private sector representatives have to fulfill additional criteria such as being "eminent experts on different approaches" with the eight private sector experts to include at least one representative with expertise in corporate governance and risk management structures. Civil society representatives in the panel would have to have "experience within a reputable, environmentally focused civil society organization or organizations" with regional or global scope of operations. The Board member of DRC objected to the use of the term "reputable" with respect to the selection of the civil society panel members and wanted it dropped. Speaking for Southern civil society, the active civil society observer urged to ensure self-selection by civil society of the two civil society experts to be included in the PSAG and asked for the criteria of expert selection to include expertise on sustainable development and environmentally sound investments. She also objected to a passage in the draft decision that would have allowed only the two private sector active observers participation in the meetings of the PSAG, but not the active civil society observers. This was fixed in the final decision with all active observers (from the private sector and civil society) allowed attendance in PSAG meetings in an observer capacity only and given access to any meeting documents considered by the PSAG. For the private sector, its Northern active observer suggested that the experience suggested for the selection of the private sector members of the PSAG (such as project finance, private sector project development, private equity, energy trade, carbon finance, institutional investment, asset management or private sector investment in emerging markets) was sufficiently broad. He suggested that the selection of both civil society and private sector experts to the PSAG follow parallel procedures.

The Board approved the altered terms of reference. It is expected that the Secretariat will issue a formal notice on its website for experts to submit their credentials and expression of interest to serve in the PSAG as soon as such a notice is agreed to by the Board post-Paris. Recommendations and nominations will certainly also come from Board members themselves (although it is for example not clear if they would then be restricted to suggesting non-Board experts from their respective constituency of developed and developing countries only). It is unclear who exactly will make the selection of the non-Board experts to the PSAG (if for example the Board co-chairs will take the lead and consult with the full Board through no-objection intersessionally and what role the Executive Director will play in such a selection process). The Paris decision did not specify the selection process itself, only the selection criteria. It will be crucially important for the legitimacy of the GCF; given the importance the PSAG has for determing the overall private sector strategy of the Fund, for this process to be as transparent and fair as possible. Likewise, it will be indispensable to ensure that the PSAG includes a wide array of views and expertise, especially also from private sector and civil society experts working with community focused groups and micro, small and medium enterprises and cooperatives in developing countries. In keeping with the guiding principle of the GCF Governing Instrument for a gender-sensitive approach to GCF funding, PSAG members should also be knowledgeable of and able to address gender differences with respect to entrepreneurship, accessibility of financial services and investment priorities of men and women in developing countries.

Interim Information Disclosure Practice of the Fund[31]

The Board first addressed information disclosure during its discussions on additional rules of procedure at its March 2013 meeting in Berlin and asked the Secretariat to prepare a document on this topic, including webcasting and its cost implications, for discussion and decision at the Songdo meeting. Observers have consistently advocated for open webcasting and the full and timely release of all documents to them under a "presumption to disclose" at the same time that they are received by Board member. Paragraph 21 of the

Board's additional rules of procedures, which were agreed in Berlin, stipulates that documents for Board meetings will be posted on the GCF website on the same day they are released to Board members, in general 21 calendar days before the Board meeting, although it does not cover all Board documents.

In Songdo at the June meeting, Board members decided to postpone the development of a comprehensive GCF information disclosure policy until 2014, but to in the meantime prepare an interim information disclosure practice to guide the Fund in disclosing information and documents until it can work out its comprehensive policy, ideally with the participation of Fund stakeholders. The Board decided, however, that the long-term information disclosure policy of the Fund would follow a negative list approach. Under such a negative list approach, which is the current international best practice utilized for example by the World Bank, IFAD and the Asian Development Bank, the type of information that the Board deems confidential and therefore does not want disclosed would be specified. Personal information or business or proprietary information of a third party (including of private sector entities with which the GCF might cooperate) could fall under such categorization. A "presumption to disclose" would be in place for all information not included in the negative list. How information is disclosed (routinely or after request or redacted only) and when it is disclosed (for example to ensure the effective input and participation of stakeholders in the design, development and implementation of GCF strategies and activities as mandated by para. 71 of the Governing Instrument) are questions to be considered in such a comprehensive information disclosure policy. Its development, if done properly by soliciting the input of and consulting with stakeholders, could take up to a year. It is also important to recognize that the information disclosure policy or practice of Fund accredited implementing entities and approved intermediaries could be inconsistent with the GCF information disclosure requirements. The Board will have to address the question – when GCF funds are involved – of whose disclosure standards prevail in cases of inconsistency of disclosure policies and practices, which, if the GCF is serious about ensuring the greatest degree of transparency, have to be the higher standards. Ideally, those should be those set by the GCF.

In the meantime, the Board decided in Paris to adopt an interim information disclosure practice with a presumption to disclose all documents except for documents falling under some categories of information such as personal information, privileged and investigative information such as legal opinions, but also confidential third party information such as private sector entities' proprietary information. The Fund's website at www.gcfund.net will be the Fund's main vehicle for proactive information disclosure with other information not posted to be released individually on request. As criticized prior by civil society observers, the presumption to disclose Board meeting documents does not extend to draft documents distributed to the Board or to documents submitted to the Board by Board committees or subcommittees, excluding for example the active observers from committee proceedings. While the Fund's website will eventually list all accredited implementers with contact details and make publicly available final reports of expert panels reviewing applications for accreditation, the Fund basically allows implementing entities to designate which part of the information they provide to the Fund they want to restrict as confidential. Information provided to the Fund by external partners and marked confidential, which the Fund's accepts on that basis, will also not be disclosed, even if it interferes with the documentation of GCF funding activities and financed projects throughout the project cycle. The interests of private sector entities dealing with the Fund's Private Sector Facility fall under that protection with the interim policy upholding business confidentiality and therefore not disclosing to the public any proprietary, legally privileged or commercially sensitive information produced or received by the Fund. In the elaboration of the comprehensive information disclosure policy, the Board will have to be careful to balance the legitimate need for some confidentiality with stakeholders' rights to information and to not prioritize the concerns of some Fund external partners unduly so that the Fund's accountability could be undermined.

In Paris, Board members largely welcomed the proposed interim approach which some Board members (from the UK and the USA) urging a more parsimonious approach to describing what would be disclosed and to develop GCF policy on the handling and disclosure of data as well as the current interim practice was only focused on the release of information via documents. Several Board members (from Egypt and Germany for example) also urged an earlier release of Board documents to Board members, with the Board member from Egypt asking for more transparency on how draft decisions are developed by taking into account preparatory documents. The latter requests have come up repeatedly during the last several GCF Board meetings. The Board adopted the GCF's interim information disclosure practice which will remain in force until the Board adopts a comprehensive information disclosure policy based on a negative list approach in 2014.

The Board's Songdo decision on webcasting, which post-Songdo had been the subject of many negative stakeholder comments, made a forceful reappearance at the Paris meeting. In Songdo, cost implications were raised by Board members as the key argument for and against webcasting, although it became quite obvious that some of the weightier reasons why several developed country Board members objected to webcasting were non-cost arguments, for example that webcasting would impact the nature of Board conversation by tempting some Board members' to political grandstanding or by discouraging a candid exchange. Developing country proponents of webcasting and Sweden as the lone developed country champion argued in Songdo that it would make it easier and more cost effective for some Board members and their advisers to attend the Board meetings full length and increase the interest and involvement of their constituencies at home in the Fund's work, while a number of developed country Board members (notably from the UK and Australia) worried that webcasting of the Board meetings, something that for example the Adaptation Fund Board already does on a regular basis, would prove too expensive. The document for Board decision in Songdo had made a recommendation against webcasting. After a lengthy discussion in Songdo, in which the Board could not find a consensus, the Board decided instead to record the Board proceedings and for the foreseeable future make those recordings available on the Fund's website to registered users within three weeks of each Board meeting. This decision was to be reviewed and can be revised in light of usage statistics for the service.

In Paris, a number of Board members (from Sweden, Egypt, Brazil, Zambia, Philippines, the DRC and Saudi Arabia) urged a revisiting of the "bad decision" on webcasting from Songdo, pointing out the technology's importance as a tool to enhance stakeholder outreach, to act as equalizer for access to information and to address limitations among the Board, its advisors and stakeholders to attend Board meetings in person. The representative from Brazil suggested to add a revision of the policy to the work-plan of the Board in 2014 in light of the Independent Secretariat's move to a state-of-the-art facility in Songdo and to bring webcasting into the comprehensive information disclosure policy. This proposal was accepted as a possible way forward.

Participation of Observers in Board Meetings[32]

The participation of observers in the proceedings of the GCF Board was on the agenda of the Paris meeting under "other business" following a request by the Indian Board member at the last meeting in Songdo to prepare an information note on the status of observer involvement in the Fund. The Board previously had agreed on the rules that govern the participation of observers in separate guidelines as part of a comprehensive decision on the Additional Rules of Procedure at the 3rd Board meeting in Berlin in March, presumably in order to give the Board some flexibility to change these guidelines as needed without necessitating changes to the overall Additional Rules of Procedure. These guidelines clarify for example the accreditation process for observer organizations (which are categorized as civil society organizations, CSOs; private sector organizations, PSOs; and international entities, IEs), which in accreditation rounds opened several months before each Board meeting, require interested organizations (irrespective of their existing accreditation under the UNFCCC) to submit new documentation and be approved by the GCF Board on a no-objection basis. After two observer accreditation rounds, as of July 2013, some 76 CSOs, a total of 15 PSOs and some 20 IEs have been accredited.[33] A third observer accreditation round was just opened post-Paris to allow for observer organization accreditation ahead of the February 2014 Board meeting.[34]

Civil society organizations have repeatedly pointed out the need to improve the current observer participation practices, for example by establishing Fund financial support for the travel costs of developing country active observers to Board meetings; by allowing active observers access and participation in all Board committee, panel and working group deliberations; by addressing the difficulties developing country observers continue to have with having visas issued in a timely manner by the country hosting the Board meetings; by making information on the Fund available in other languages than English; and by ensuring that the accreditation procedures for observers to the Fund are not too onerous – disadvantaging particularly community and grassroots groups in developing countries. In particular, they felt that the accreditation of new observer organizations in advance of the Paris meeting was closed too early and that a registration cap imposed on registered observer organizations since Songdo (allowing only three registered observers per accredited observer organization) was too strict to accommodate for example the fact that many registered organizations represent international NGO-networks with chapters in many countries.

In Songdo, civil society were still represented by two interim active observers, as groups felt that a comprehensive and fair outreach and selection process was necessary to determine the two active civil society observers that are to collect and synthesize the concerns of the remaining eight of the UNFCCC constituencies for a period of two years (since the business community, the ninth of the UNFCCC constituencies, was granted a separate status under the GCF). However, there was no financial support by the GCF Board for such a process (whereas for example funding was made available in the context of the Climate Investment Funds to pay an independent organization to conduct a thorough due diligence active observer selection process). In the lead-up to the Paris Board meeting, international civil society engaged with the GCF conducted their self-selection process, choosing a roster of three representatives (one active observer and two alternates) from developing and developed country CSOs respectively and allowing groups interested in (but not necessarily accredited to) the GCF from around the world to participate in the vote. CSOs reasoned that such small roster of civil society experts was better able to reflect both the variety of the eight UNFCCC constituencies as well as geographic and gender balance and expertise. The private sector already selected its two active observers (and two alternates) for Songdo, although the position for the developing country private sector observer seat is not held by a representative from a developing country business, but by a representative from a developed country on behalf of a global business network, a fact which was noted with disapproval by the developing country Board member from India.

In Paris, the Board only took note of the information presented by the Secretariat, which among other issues pointed out that the strengthening of the roles of observers could include more formal consultations with the Board right before Board meetings as a way to go beyond the lunch-hour exchange of only Board Co-Chairs only with the observers in the overflow room as was the practice of previous Board meetings (and which did not even take place in Paris). It also highlighted that currently engagement and cooperation with stakeholder groups on the ground should be more specifically promoted. The Board member from Egypt suggested that the issue needed more serious consideration than just an informational document and urged that a decision document for Board consideration should be presented at the first Board meeting in 2014. This suggestion was adopted as a Board decision. The active civil society observer from developing countries also recommended to make observer participation a standing item on the Board's meeting agenda to allow for a deeper engagement of the Board.

Arrangements between the Conference of the Parties and the GCF[35]

Durban decision 3/CP.17 designated the GCF "as an operating entity of the financial mechanism of the convention, in accordance with Article 11 of the Convention", while the GCF Governing Document specified in para.4 that it "will be accountable to and function under the guidance" of the COP. This wording is similar to the one describing the relationship between the COP and the GEF, which like the GCF is an operating entity of the UNFCCC financial mechanism. In Doha, the COP specified in decision 7/CP.18 that the Standing Committee on Finance (SCF) and the GCF Board should develop the arrangements between the Fund and the COP for agreement by the Board and subsequent agreement by COP 19 in Warsaw. At its 3rd meeting Berlin in March, the GCF Board mandated the GCF Co-Chairs to develop, together with the Co-Chairs of the Standing Committee on Finance, draft arrangements between the COP and the GCF. It took the Standing Committee on Finance[36] three separate meetings to finalize the draft arrangements, with one of the main points of contention in the SCF the potential role of the COP in the reconsideration of a complaint of a party against a GCF funding decision as an arbiter of last resort after the party's complaint progressed through the GCF independent redress mechanism (which is still to be developed). The relevant passage in the Convention text (Article 11, paragraph 3(b)) speaks of the operationalization of modalities "by which a particular funding decision might be reconsidered" if deemed not in conformity with the policies, program priorities and eligibility criteria established by the COP for the UNFCCC financial mechanism and its operating entities. In the draft COP-GCF agreements transmitted to the GCF Board for its approval in early October, the issue is essentially postponed until the GCF independent redress mechanism is operational.

At the GCF Board meeting in Paris, the Board adopted the draft COP-GCF arrangements without any discussion, probably also in acknowledgment of the hard-fought agreement in the SCF. This was a marked departure of earlier GCF Board meetings when discussion about the extent to which the COP should and can provide oversight or second-guess GCF decisions was very contentious, which mostly developed country Board members attempting to weaken the GCF's ties to the COP and mostly developing country Board members arguing in favor of a tight supervisory role of the COP over the GCF.

In the draft arrangements, the GCF, whose full responsibility for funding decisions is reaffirmed, will receive annual guidance from the COP after the COP sessions, largely in response to information on its activities and funding decisions the GCF provides in form of an annual report to the COP, but with the ability of the COP to request further information. As in the case of the GEF, the annual reports to the COP are the main accountability tool for the GCF. Those annual reports are to include any recommendations by the GCF's independent evaluation mechanism on complaints it has processed as well as describe the actions the GCF has undertaken to implement those recommendations. The draft arrangements give detailed guidance on what the GCF is to include in its reports to the COP such as its actions to ensure balanced allocation for mitigation and adaptation under the Fund and its reliance on expert and technical advice from thematic Convention bodies. The GCF is also asked to provide information on its efforts to raise resources (including through replenishment processes) and on its available funding. Lastly, the COP can commission an independent assessment of the overall performance of the GCF, including the performance of its Board, but only in the context of the periodic reviews of the UNFCCC financial mechanism every few years. COP 18 in Doha initiated the Fifth Review of the UNFCCC financial mechanism which is expected to conclude by COP 20. In Warsaw, the COP is expected to consider the second annual report of the GCF.[37] It could provide some specific guidance to the GCF on finalizing the Fund's full operationalization or more specifically its resource mobilization efforts.

Logo for the GCF[38]

At its second meeting a year ago, the Board first discussed the idea of launching an international competition inviting arts and design students to submit an entry for a future logo for the GCF. This was seen as a good way for the Fund to reach out, particularly to young people, to raise awareness of the Fund and of the challenges and threats posed by climate change. An initial proposal to offer a cash prize to the first placed competition entrants as incentive was rejected by one developed country Board member in particular as too costly and questionable use of GCF funding, as was an alternative proposal to allow for private sector sponsorship of a cash reward for the logo competition. Instead the winner was only to be publicly recognized and invited to the 5th GCF Board Meeting.

In Songdo in June 2013, a logo selection panel was formed which includes four Board members or alternate members (from Italy, South Korea, Pakistan and Hungary, a representative from civil society (Mr. Pratim Roy of the Keystone Foundation, India) and the private sector (Mr. Miles Austin of the Carbon Markets & Investors Association, CMIA), a graphic designer (Professor Wontaik Kim) and Executive Director Hela Cheikhrouhou. It worked intersessionally and in the lead up to the Paris meeting to evaluate the 84 competition entries received. Of these, 15 were shortlisted and showed to the Board members in Paris (but not shared with observers in the overflow room) with the recommendation to cancel the competition and instead to contract a professional designer to design the logo for the Fund.[39] The logo selection panel felt that the works presented were too amateurish or had copyright problems (i.e. knock-offs of logos from existing institutions). At the same time, the Secretariat recommended a quick professional resolution to the logo saga pointing out for example the urgency to display a GCF logo at the G-Tower in Songdo, the new home of the its Independent Secretariat. Board members supported with this suggestion, with one Board member commenting that "some of us saw it coming without a prize; any work has its prize" and another urging to now "not be miserly with the money" to compensate a professional designer. The

Executive Director with the advice of the logo selection panel is to make the final choice of a professionally designed logo and add it as quickly as possible to all GCF communications products.

Arrangement with the Interim Trustee[40]

The Governing Instrument (in para.26) established the World Bank as the Fund's Interim Trustee for a period of three years until April 2015, with Durban decision 3/CP.17 stipulating that the GCF Board has to select the Fund's permanent trustee "through an open, transparent and competitive bidding process in a timely manner to ensure that there is no discontinuity in trustee services."[41] The World Bank in its role as GCF Interim Trustee has set up the GCF Trust Fund to receive contributions to the Fund. In October 2012, the Board had approved some standard provisions for the Trust Fund as an interim measure since the GCF did not yet have juridical personality and legal capacity and thus was unable to fulfill para. 18 of the Governing Instrument which asks the Board to enter into legal arrangements with the Trustee. As the GCF formally was granted juridical capacity and legal personality by an act of the South Korean parliament as host country for the Fund on July 30 of this year, the Fund and the Interim Trustee now have to enter into a formal legal agreement.

In Paris, the Board without discussion approved the agreement, which largely follows the earlier standard provisions spelling out the terms and conditions for the administration of the GCF Trust Fund. Under the agreement, the World Bank as Interim Trustee will enter into tripartite contribution agreements with the GCF and contributors (mainly countries which are parties to the UNFCCC, but also non-parties and potentially also private sector entities or philanthropic organizations). Regarding GCF funding disbursements, no such tripartite agreements are foreseen, as the Fund will enter into legal agreements directly with the implementing entities. The Interim Trustee will transfer funds from the GCF Trust Funds to implementing entities only based on written instructions from the GCF. In Paris, the Board also extended for another six months until April 2014 the current transfer agreement between the Interim Trustee and the UNFCCC Secretariat acting on behalf of the GCF Interim Secretariat which forms the legal basis for the transfer of money from the GCF Trust Fund to the GCF Secretariat for its administrative budget. This is meant to provide the time needed to facilitate the transfer from the Interim Secretariat to the newly established Independent Secretariat. The Interim Secretariat will formally seize all its activities and close its accounts after COP 19.

Status of GCF Resources[42]

The Board only noted, but did not discuss a report that the World Bank as Interim Trustee prepared for the Paris Board meeting on the financial resources available in the GCF Trust Fund[43]. It shows that as of June 2013, there were no funds available to support additional GCF Board funding decisions. This means that without further contributions by countries to the GCF Trust Fund, the Independent Secretariat might not have enough funding to cover expenditures related to some of the Paris decisions, including for example for the hiring of consultants to support the Independent Secretariat in its work to prepare documents and draft policies for the next GCF Board meeting in late February 2014.

As of June 30, 2013, the GCF Trust Fund has received pledges from eleven countries (Australia, Denmark, Finland, France, Japan, Germany, Korea, Netherlands, Norway, Sweden and the UK) totaling US$ 9 million, with contributions received from ten countries totaling US$ 7.55 million. Sweden has paid in another US$ 750,000 since June, increasing the total funds the GCF Trust Fund has received to US$ 8.3 million. This makes Norway the only of the pledge countries which has yet to fulfill its commitment. The GCF Trust Fund has yet to receive a substantial contribution other than for administrative expenses. However, two countries, Germany and South Korea, each pledged tens of millions of US dollars to help countries with readiness and preparatory support such as capacity building and the development of a pipeline of credible projects to be funded by the GCF. The German commitment for EUR 40 million in readiness support was made at COP 17 in Durban in 2011 and is administered bilaterally. South Korea's promise of USD 40 million for readiness activities was made as part of its efforts to win the seat of the GCF Independent Secretariat. It will likely be channeled through the GCF, but no word yet when it will be received. The government of South Korea has promised to pay another US$ 1 million into the Trust Fund before year's end and a further US$ 1 million in 2014, which can offset some costs incurred under the GCF administrative budget. These promised contributions were part of the South Korean application package to host the GCF in Songdo; South Korea will also spend US$ 1.4 million for furniture and information technology equipment to ready the GCF's new offices in the G-Tower for the move of the Independent Secretariat. The GCF will formally open its Songdo headquarters in early December 2013.

TABLE 1: Status of pledges and contributions to the GCF Trust Fund, as of October 10, 2013

Country	Pledges (US$ '000s)	Deposited (US$ '000s)
Australia	**513**	**513**
Denmark	**608**	**608**
Finland	**648**	**648**
France	**326**	**326**
Japan	**500**	**500**
Germany	**1,053**	**1,053**
Korea	**2,099 (2,000*)**	**2,099**
Netherlands	**286**	**286**
Norway	**700**	**--**
Sweden	**1,496**	**752 (1,496*)**
United Kingdom	**770**	**770-**
TOTAL (as of June 30, 2013)	**8,997**	**7,554**
NEW TOTAL (reflecting updated information as of October 10, 2013, shared in Paris)	**10,997***	**8,298***

*NOTE: * denotes updated information at fifth GCF Board meeting in Paris, France. Sweden fulfilled its entire pledge with a second payment after June 30, 2013; South Korea in Paris pledged an additional US$2 million to be paid into the GCF Trust Fund with US$ 1 million to be paid in 2013 and US$ 1 million to be contributed in 2014.*
Source: Document GCF/B.05/Inf.04, September 17, 2013, "Green Climate Fund Trust Fund Financial Report" and author notes

The Board also took note of an overview over the actual and projected expenditures for activities of the Board, Interim Secretariat and the World Bank as the GCF's Interim Trustee until the end of 2013. At its meeting in October 2012 in Songdo, the Board had approved an administrative budget until December 31, 2013 in the amount of US$ 7.48 million based on funds available in the GCF Trust Fund. At its March Berlin meeting, the Board had approved another US$ 150,000 for consultancies for a new total of US$ 7.631 million (see table 2 below) and at its June meeting authorized that travel costs to Board meetings for one designated adviser per eligible developing country Board member and alternate member are to be covered by the GCF administrative budget.

A new update of actual and projected expenditures until the end of the year shows that the Board will spend only about half of the originally budgeted US$ 1.336 million for Board meetings and Board committees and working groups, largely because the venues for Board meetings in 2013 were provided at no cost by the host governments. Total expenditure for the Interim Trustee is also less than half the budgeted amount of US$ 689,000 with only US$ 319,478. Since the Interim Trustee's fee is based on the amount of money held in the GCF Frust Fund, and pledges to and payments into the Trust Fund are lower than expected for 2013, the Interim Trustee's fee was thus also lower than anticipated. The largest amount of total expenditures is with US$ 5.05 million for services by the Interim Secretariat until year's end, mostly for salaries, wages and consultancies as well as general operating and information technology costs and travel expenses. These include the costs for ten full-time staff and four full-time consultants, as well as consultancy contracts totaling 160 weeks. The actual expenditures until June 30th also include US$ 158,000 in total recruitment costs for the GCF Executive Director. Salary for the new Executive Director for the second half of the year is budgeted with US$ 121,000 which assumes her compensation to be equivalent to that of a World Bank Vice President or UN Assistant Secretary-General level.

TABLE 2: Projected total administrative GCF Budget expenditure from November 1, 2012 until December 31, 2013 (in US$)

	Approved Budget (11/1/2012 -- 12/31/2013)	**Actual Expenditures** (11/1/2012 – 6/30/2013)	**Total projected expenditures** (7/1/2013 – 12/31/2013	**Total expenditure (actual + projected)** (by 12/31/2013)
1.Board				
1.1.Board Meetings	954,000	197,532	402,000	599,532
1.2 Board Ctes, panels and working groups	382,000	--	75,000	75.000
Sub-total Board	***1,336,000***	***197,532***	***477,000***	***674,532***
2. Interim Secretariat				
2.1. Salaries, Wages and Consultancies	3,995,000	1,545,499	2,200,208	3,745,707
2.2. Travel (Board Meetings & consultations)	315,000	119,070	269,000	388,000
2.3. General operating & IT costs	1,175,000	158,357	761,850	920,207
Sub-total Interim Secretariat	***5,485,000***	***1,822,926***	***3,231,058***	***5,053,985***
3. Executive Director	***121,000***	--	***121,000***	***121,000***
4. Interim Trustee				
4.1. Financial & program management	400,000	n/a	n/a	n/a
4.2. Investment Management	11,000	n/a	n/a	n/a
4.3. Accounting & reporting	76,000	n/a	n/a	n/a
4.4. Legal services	172,000	n/a	n/a	n/a
4.5. IT systems	30,000	n/a	n/a	n/a
Sub-total Interim Trustee	***689,000***	***180,778***	***138,700***	***319,478***
GRAND TOTAL	***7,631,000***	***2,201,237***	***3,967,758***	***6,168,995***

Sources: Document GCF/B.02-12/06/Rev.01 "Administrative Budget of the GCF" (as of October 19, 2012), Document GCF/B.01-13/Inf.02 "Status of Resources" (as of February 24, 2013), and Document GCF/B.05/Inf.03 "Status of Resources" (as of September 17, 2013)

Administrative Budget of the Fund for 2014[44]

The administrative budget of the Fund for 2014 covers the projected expenditures for activities of the Board, Interim Secretariat and the World Bank as the GCF's Interim Trustee until the end of 2014. Given the current status of contributions and pledges made to the GCF Trust Fund (see table 1), the Trust Fund will have insufficient funding to cover the administrative budget of the Fund for 2014 without significant additional contributions and pledges of US$ 16.6 million.

According to the draft administrative budget, which the Board approved in Paris largely unchanged, expenditures of US$ 18,817,566 are foreseen, with the largest proportion going toward the Independent Secretariat for the hiring of up to 38 specialist staff and up to ten general support staff to be phased in until June 2014. Those staff will be hired on three-year contracts. Close to US$ 9 million is allocated for the full-time staff budget in 2014, with staff salaries and benefits calculated based on Asian Development Bank benchmarks. The costs for the Board, including for three planned Board meetings and four Board committee, panel or working group meetings are projected around US$ 1.2 million and the Interim Trustee will receive US$ 442,400 for its services. Table 3 details the projected expenditures.

TABLE 3: Proposed administrative budget for the period January 1 to December 31, 2014 (in US$)

	Proposed Budget (1/1/2014 -- 12/31/2014)
1.Board	
1.1.Board Meetings (number of meetings)	**1,052,000** (3)
Board representatives travel	792,000
Secretariat staff travel	90,000
Venue and Logistics	170.000
1.2 Co-Chair and Board representative travel	**22,500**
1.3 Board committees, panels and working groups (number of meetings)	**170,000** (4)
Board representative travel	90,000
……Venue and Logistics	80,000
Sub-total Board	***1,244,500***
2. Independent Secretariat	
2.1. Salaries, Wages and Consultancies	**11,806,666**
Full-time staff	8,744,960
Temporary staff support	556,706
Consultancies	1,575,000
Travel of interview candidates and expert interview appraisers	217,500
Relocation benefits and allowances	712,500
2.2. Staff Travel	**450,000**
2.3. Contractual services, general operating & IT costs	**4,874,000**
Office utility costs	144,000
….. Contractual services	2,000,000
External administrative service support	1,630,000
Communication and printing	250,000
Information and communication technology	850,000
Sub-total Interim Secretariat	***17,130,666***
3. Interim Trustee	
3.1. Financial & program management	**260,400**
3.2. Investment Management	**35,000**
3.3. Accounting & reporting	**31,300**
3.4. Legal services	**115,700**
4.5. IT systems (to be assessed later)	**--**
Sub-total Interim Trustee	***442,000***
GRAND TOTAL	***18,817,566***

Source: Document GCF/B.05/21 "Administrative Budget of the Fund for 2014) (as of September 30, 2013)

The Board in Paris also approved the costs of salaries and fees of staff to be hired in 2014 to cover the duration of their three-year staff contracts from available resources, namely for 2015 (US$ 12,042,101), for 2016 (US$ 12,403.364) and for 2017 (US$ 3,125,835) with the full administrative budget of the Fund for these years to be submitted in due course.

Election of Co-Chairs and Board Composition

The 24 members of the GCF Board – 12 selected from developed countries and 12 from developing countries – and their respective Alternate Board members were appointed by their governments in early Summer 2012 in a politically difficult process that had resulted in a four months delay in convening the first GCF Board meeting. An appointment usually lasts three years, with the possibility of renewal; however, during the past four GCF Board meetings the Board has already welcomed several new faces both among principal and alternate board members due to personnel changes in various countries. At the 5th Board meeting in Paris, a significant number of additional changes in the Board composition took effect. They are the result of power sharing agreements in both the Latin America and the Asia regional groupings in the developing country GCF Board constituency, with up to four country representatives sharing one Board seat and mandating a change in the composition of the regional delegation after every year of the three year Board term. The 4th Board meeting in Songdo was thus the last Board meeting for the principal Board members from Columbia, India, Belize and Indonesia (with all of them assuming duties as alternate Board members at the Paris Board meeting). New principal members from the Philippines, Saudi Arabia, Brazil, Ecuador and the Dominican Republic joined the Board for their time in Paris. Annex I details the current Board composition.

In August 2012, Ewen McDonald from Australia and Zaheer Fakir from South Africa were selected by the Board at its first Board meeting as the first Board Co-Chairs for a term of one year (lasting until August 23, 2013, with their term to be continued until new Co-Chairs are selected).[45] In Songdo, a Board member from the Asian delegation informed the Board that with upcoming changes in the composition of the Board, including several new Board members from the Asian delegation, one incoming Board member from Asia had expressed interest for the Co-Chair's position (to replace the co-chair seat currently held by South Africa). For the developed countries, the Australian Co-Chair indicated that the 5th GCF Board meeting in Paris would be his last as co-chair. Thus, as the last item of the Board's agenda in Paris, Board members elected in closed executive session Manfred Konukiewitz from Germany and Jose Maria Clemente Sarte Salceda from the Philippines as the new Co-Chairs for a period of one year.

Looking Ahead – the Board's Work Plan for 2014[46]

The new Co-Chairs will face the challenge of steering the GCF Board over the next two Board meetings through an accelerated adoption of key operational policies under the GCF Business Model Framework as a requirement for the start of the resource mobilization process in an initial pledge meeting by September 2014. The next GCF Board meeting, scheduled from February 19-21, 2014 in Bali, Indonesia will be a crucial one with decisions and progress reports expected on all of the eight constituent policies that are essential requirements for the Fund's initial resource mobilization efforts. These are the initial modalities for the operation of the Fund's mitigation and adaptation windows and the Private Sector Facility; the terms of reference for the Independent Evaluation Unit, the Independent Integrity Unit, and the independent redress mechanisms; an initial results management framework for the Fund; the policies and procedures for the initial allocation of Fund resources; an initial proposal approval process, including the criteria for program and project funding; a guiding framework and procedures for accrediting national, regional and international implementing entities and intermediaries, including the Fund's environmental and social safeguards and fiduciary principles and standards; the Fund's financial risk management and investment frameworks; and the structure of the Fund, including the structure of the PSF.

Additional decision in six more policies of great importance to the Fund's full operationalization (even if not considered as "triggers" for the resource mobilization efforts) are also on the Bali agenda, including the issues of country ownership (the no-objetion procedure and best practices for NDAs and focal points) and modalities for enhancing direct access. All of them are not easy decisions to make: substantial differences remain between many individual Board members, the two Board constituencies of developed and developing countries and regional country groups. The Board meeting in Bali will therefore determine if the implicit time-time, which situates countries' commitments for first substantial contributions to the Fund in the political context of the UN Secretary General's Climate Summit in September 2014, is even a realistic option. With the Board now "upping the ante", there is the danger that in the name of expediency consensus and trust-building among the Board as well as the careful consideration and deliberation of lessons learned from other funds in deciding the GCF operational policies might be shortchanged.

According to the work plan of the Board for 2014, which was updated post-Paris and approved by the Board intersessionally via non-objection (see Annex IV), after Bali two more Board meetings are planned for in 2014. The 7th Board meeting, most likely to be also held in the Asia region, is scheduled from May 21-23 and will attempt to finish the list of required policies for the initial resource mobilization process and the 8th Board meeting from September 30 - October 2, 2014 is scheduled to focus on those last outstanding processes and mechanisms that will bring the GCF to expected full operationalization by 2015.

ENDNOTES:

Meeting documents for the 5th GCF Board meeting (in the version submitted to the Board pre-Paris, but not yet updated newer versions of some documents) are posted on the GCF website (http://gcfund.net/documents.html. As of November 7, 2013, neither the summary report of the decisions taken in Paris, nor the video recording of the Paris proceedings were available on the GCF website.

[1] For the Co-Chairs, Zaher Fakir from South Africa provided an oral report to Board members, highlighting among other activities the preparation of observer accreditation in a second round as an intersessional decision as well as working together with the Executive Director of the GCF Secretariat on the Board papers on the Business Model Framework as well as the structure and staffing of the Independent Secretariat. The Interim Secretariat provided a written summary of its activities and status, available at http://gcfund.net/fileadmin/00_customer/documents/pdf/GCF_B05_Inf02_Activities_Interim_Secretariat_fin_20130917.pdf.
[2] Private sector organizations (PSOs) self-selected Mr. Abyd Karmali, Climate Markets and Investment Association (CMIA) as their Northern PSO active observer and Ms. Gwen Andrews, World Business Council for Sustainable Development (WBCSD) as their Southern PSO active observer (PSO). Civil society organizations (CSOs) self-selected Mr. Brandon Wu, Action Aid International as their Northern CSO active observer and Ms. Meenakhshi Raman, Third World Network as their Southern CSO active observers. Both PSOs and CSOs also self-selected alternate active observers.
[3] For the provisional agenda of the Paris GCF Board meeting, see http://gcfund.net/fileadmin/00_customer/documents/pdf/GCF_B05_01_Provisional_agenda_6Sept13.pdf.
[4] GCF Governing Instrument, para. 2; available at: http://gcfund.net/fileadmin/00_customer/documents/pdf/GCF-governing_instrument-120521-block-LY.pdf.
[5] Ibid, para. 3.
[6] Paris Board Meeting paper on Resource Mobilization (GCF/B.05/18) available at: http://gcfund.net/fileadmin/00_customer/documents/pdf/GCF_B05_18_Resource_Mobilization_fin_20130924.pdf.
[7] Initial Board paper for the Berlin Board Meeting on resource mobilization (GCF/B.01-13/07) available at http://www.gcfund.net/fileadmin/00_customer/documents/pdf/B_01_13_07_resource_mobilization_final.pdf
[8] Paris Board Meeting report on the Initial Structure and Staffing of the Secretariat available at: http://gcfund.net/fileadmin/00_customer/documents/pdf/GCF_B05_10_Initial_Structure_and_Staffing_fin_20130926.pdf.
[9] Paris Board Meeting Progress Report on the Administrative Policies and Guidelines of the Independent Secretariat (GCF/B.05/11) available at: http://gcfund.net/fileadmin/00_customer/documents/pdf/GCF_B05_11_admin_progress_fin_20130930.pdf
[10] On the decisions taken at the 3rd GCF Board meeting in March in Berlin, see: http://www.gcfund.net/fileadmin/00_customer/documents/pdf/Decisions_of_the_Board_V1_15March2013.pdf.
[11] For a summary of the Board deliberations and decisions on those six BMF policies in Songdo, see: Schalatek, Liane (2013).Difficult Decisions – Deferred? The 4th Green Climate Fund Board meeting wrestles with the Fund's Business Model and selects its new Executive Director. Heinrich Böll Stiftung North America. Available at: http://www.boell.org/downloads/Boell_GCF_BM4_MeetingReport_Difficult_Decisions.pdf.
[12] Paris Board paper under the Business Model Framework on Initial Results Areas and Performance Indicators (GCF/B.05/02) available at: http://gcfund.net/fileadmin/00_customer/documents/pdf/GCF_B05_02_Initial_Results_PI_fin_20130920.pdf.
[13] Paris Board paper under the Business Model Framework on a Results Management Framework (GCF/B.05/03) available at: http://gcfund.net/fileadmin/00_customer/documents/pdf/GCF_B05_03_BMF_RMF_fin_20130919.pdf.
[14] GCF decision B.04/4, recorded in GCF Board document GCF/B.04/17, p.4, available at: http://www.gcfund.net/fileadmin/00_customer/documents/pdf/B-04_17_decisions.pdf.
[15] Paris Board paper under the Business Model Framework on Countries Transparent No-Objection Procedure (GCF/B.05/06) available at: http://gcfund.net/fileadmin/00_customer/documents/pdf/GCF_B05_06_BMF_No-objection_Procedure_fin_20130920.pdf
[16] GCF decision B.04/5, recorded in GCF Board document GCF/b.04/17, pp. 4-5, available at: http://www.gcfund.net/fileadmin/00_customer/documents/pdf/B-04_17_decisions.pdf.
[17] Paris Board meeting paper under the Business Model Framework on Access Modalities – Accreditation (GCF/B.05/08) available at: http://gcfund.net/fileadmin/00_customer/documents/pdf/GCF_B05_08_BMF_Accreditation_fin_20130924.pdf.
[18] GCF decision B.04/6, recorded in GCF Board document GCF/B.04/17, pp.5-6, available at: http://www.gcfund.net/fileadmin/00_customer/documents/pdf/B-04_17_decisions.pdf.
[19] See the posting on the GCF website at http://gcfund.net/secretariat/call-for-experts.html#c480.
[20] Paris Board meeting paper under the Business Model Framework on Financial inputs (GCF/B.05/04) available at: http://gcfund.net/fileadmin/00_customer/documents/pdf/GCF_B.05._04_Financial_Inputs_fin_20130917.pdf.

[21] Paris Board paper under the Business Model Framework on the Terms and Criteria of Grants and Concessional Loans (GCF/B.05/07) available at: http://gcfund.net/fileadmin/00_customer/documents/pdf/ATTQK670.pdf.
[22] Berlin decision B.01-13/06 on the Business Model Framework is listed in GCF document GCF/B.01-13/12, available at: http://www.gcfund.net/fileadmin/00_customer/documents/pdf/Decisions_of_the_Board_V1_15March2013.pdf
[23] Paris Board paper under the Business Model Framework on the Terms and Criteria of Grants and Concessional Loans (GCF/B.05/07) available at: http://gcfund.net/fileadmin/00_customer/documents/pdf/ATTQK670.pdf.
[24] Paris Board Meeting paper on Allocation (GCF/B.05/05) available at http://gcfund.net/fileadmin/00_customer/documents/pdf/GCF_B05_05_Allocation_fin_2013_09_30.pdf.
[25] Paris Board Meeting paper on Modalities for Readiness and Preparatory Support (GCF/B.05/14) available at: http://gcfund.net/fileadmin/00_customer/documents/pdf/GCF_B05_14_Readiness_fin_20130920.pdf.
[26] For a listing of these initiatives, see Annex II of Board document GCF/B.05/14, ibid.
[27] See Decision B.01-13/10, recorded in GCF Board Document GCF/B.01-13/12, p.8f.
[28] A full report of the discussions and outcomes of the Bridgetown workshop is available on the GCF website at http://gcfund.net/partnerships/workshop-on-readiness-and-preparatory-support.html.
[29] The Danish/Dutch Board seat paper on *"Operationalizing a Gender-Sensitive Approach in the Green Climate Fund"* is available at: http://www.boell.org/web/index-Schalatek_Burns_GCF_Gender-Sensitive-Approach.html.
[30] Paris Board papers on General Guidelines for Committees and Panels (GCF/B.05/12) available at http://gcfund.net/fileadmin/00_customer/documents/pdf/GCF_B05_12_Guidelines_Committees_Panels_fin_20130918.pdf and on Terms of Reference and Establishment of Committees and Panels (GCF/B.05/13) available at http://gcfund.net/fileadmin/00_customer/documents/pdf/GCF_B05_13_ToR_Committees_Panels_fin_20130918.pdf.
[31] Paris Board paper on the GCF's Interim Information Disclosure Practice (GCF/B.05/16) available at: http://gcfund.net/fileadmin/00_customer/documents/pdf/GCF_B05_16_Disclosure_Practices_Fin_20130917.pdf.
[32] The Paris Board meeting information note on observer organization accreditation and observer participation is available at http://gcfund.net/fileadmin/00_customer/documents/pdf/GCF_B05_Inf05_Observers_fin_20130917.pdf.
[33] The separate lists of accredited observers for each of the three observer categories are available at: http://gcfund.net/partnerships/observers.html.
[34] Information can be found at http://gcfund.net/partnerships/observers.html.
[35] Paris Board paper on the draft arrangements between the COP to the UNFCCC and the GCF (GCF/B.05/17) and an addendum to the paper (GCF/B.05/17/Add.01) are available at: http://gcfund.net/fileadmin/00_customer/documents/pdf/GCF_B05_17_COP_Arrangements_fin_20130919.pdf and http://gcfund.net/fileadmin/00_customer/documents/pdf/GCF_B05_17_Add01_COP_Arrangements_fin_20131007.pdf
[36] Information on the Standing Committee and Finance meetings as well as meeting documents is available at: http://unfccc.int/cooperation_and_support/financial_mechanism/standing_committee/items/6881.php.
[37] The Draft Report of the Board of the GCF to the UNFCCC COP (without inclusion of the Paris decisions) is available at: http://gcfund.net/fileadmin/00_customer/documents/pdf/GCF_B05_19_Report_to_COP_fin_20130923.pdf.
[38] Paris Board Meeting progress report of the logo selection panel available at: http://gcfund.net/fileadmin/00_customer/documents/pdf/GCF_B05_09_Logo_fin_20131004.pdf.
[39] For more information on the call for a design expert see http://gcfund.net/secretariat/call-for-a-logo-designer.html#c478.
[40] Paris Board Meeting report on Agreements with the Interim Trustee available at: http://gcfund.net/fileadmin/00_customer/documents/pdf/GCF_B05_22_Agreements_with_Interim_Trustee_fin_20130924.pdf.
[41] See para.16 of Decision 3/CP.17, available at: http://unfccc.int/resource/docs/2011/cop17/eng/09a01.pdf#page=55.
[42] Paris Board Meeting document on the status of resources (GCF/B.05/Inf.03) available at http://gcfund.net/fileadmin/00_customer/documents/pdf/GCF_B05_Inf03_Status_of_Resources_fin_20130917.pdf.
[43] Green Climate Fund Trust Fund Financial Report (GCF/B.05/Inf.04) available at: http://gcfund.net/fileadmin/00_customer/documents/pdf/GCF_B05.Inf04_GCFTF_Financial_Report_20130917_.pdf.
[44] Paris Board Meeting information note on the Administrative Budget for the Fund for 2014 (GCF/B.05/21) available at http://gcfund.net/fileadmin/00_customer/documents/pdf/GCF_B05.21_Admin_Budget_2014_fin_20130930.pdf.
[45] GCF Rules of Procedure of the Board, p. 6; document available at: http://www.gcfund.net/fileadmin/00_customer/documents/pdf/RoP.pdf.
[46] The originally proposed work plan for the GCF Board for 2014, available at http://gcfund.net/fileadmin/00_customer/documents/pdf/GCF_B05_20_Work_plan_of_the_Board_fin_20131004.pdf in preparation for the Paris Board meeting, was subsequently changed in light of the Paris decisions and approved by the Board post-Paris by non-objection.

ANNEX I

Members of the Board of the Green Climate Fund (as of October 9, 2013)

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-Yeoi 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	**Ms. Monica Victoria Hidalgo Andino**	Equador	Latin America/ Caribbean
9	**Ms. Adriana Soto Carreno (AM)**	Columbia	Latin America/ Caribbean
10	Mr. David Kaluba	Zambia	LDCs
10	Mr. Mesbah ul Alam (AM)	Bangladesh	LDCs
11	Mr. Derek Gibbs	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	Mr. Per Callesen	Denmark	Denmark/ the Netherlands
14	Mr. Richard Doornbosch (AM)	Netherlands	Denmark/ the Netherlands
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. Kenataro Ogata	Japan	Japan
17	Mr. Tamonori Nakamura Kentaro (AM)	Japan	Japan
18	Mr. Henrik Harboe	Norway	Norway/ Czech Republic
18	Mr. Tomas Zidek (AM)	Czech Republic	Norway/ Czech Republic
19	Ms. Beata Jaczewska	Poland	Poland/ Hungary
19	Mr. Adam Kirchknopf (AM)	Hungary	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	Mr. Nick Dyer	United Kingdom	United Kingdom
23	Mr. Josceline Wheatley (AM)	United Kingdom	United Kingdom
24	Mr. Matthew Kotchen	United States	United States
24	Mr. Himamauli Das (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; changes are expected in time for the next GCF Board meeting (see overview next page).

ANNEX II

Performance Indicators of the Initial Result Areas of the Fund

<table>
<tr><th>Indicator type</th><th>Initial result areas indicators</th></tr>
<tr><td rowspan="4">Project and programme outputs performance indicators
Indicates the physical impact of Fund activities in terms of development and adaptation.</td><td>Mitigation</td></tr>
<tr><td>(a) tCO_2-eq reduced through improved governance and planning systems for sustainable cities
(b) Reduced emissions from buildings and appliances (tCO_2-eq/m^2)
(c) Increased access to transportation with low-carbon transportation options (tCO_2/passenger km)
(d) Reduced emission intensity of industrial production (tCO_2-eq/year)
(e) Households with access to low-carbon modern technologies (Number of households served by off-grid or clearly identifiable on-grid renewable technologies)
(f) Deployment of low-carbon power generation technologies (tCO_2/kWh)
(g) Reduced emissions from sustainable land use management (tCO_2-eq/year)
(h) Support to development of negative emission technologies (Number of carbon capture and storage projects, tCO_2 sequestered)</td></tr>
<tr><td>Adaptation</td></tr>
<tr><td>(a) Environmental effectiveness: including units of human health (disability-adjusted life years (DALYs)) and units of wealth (US$) saved and enhanced
(b) Cost-effectiveness: US$/DALY and US$ saved
(c) Co-benefits: US$/unit of co-benefit
(d) Institutional feasibility: level of acceptance</td></tr>
<tr><td rowspan="4">Transformative impact of Fund activities performance indicators
Trends in the adoption of technology/best practice/business models for low-emission and climate-resilient development pathways at the country and global levels. Captures the overall impact of the Fund on development pathways.</td><td>Mitigation</td></tr>
<tr><td>(a) Carbon intensity of nationally determined sectors (tCO_2/gross domestic product)
(b) Facilitating the design of sustainable cities (tCO_2/capita)</td></tr>
<tr><td>Adaptation</td></tr>
<tr><td>(a) Environmental effectiveness: including units of human health (DALYs) and units of wealth (US$) saved and enhanced
(b) Cost-effectiveness: US$/DALY and $ saved
(c) Co-benefits: US$/unit of co-benefit
(d) Institutional feasibility: level of acceptance</td></tr>
</table>

ANNEX III

Making Progress toward a Gender-Sensitive Approach in the GCF[1]: Recommendations for the 5th Meeting of the GCF Board

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] Anchored as a crosscutting issue in its section on objectives and guiding principles, the Governing Instrument urges the Fund to strive to maximize the impact of its funding for adaptation and mitigation while "taking a gender-sensitive approach" (para.3). Gender equality is now widely being regarded as a **driver of transformational change** as well as a necessary **prerequisite for achieving sustainable and effective low-carbon and climate-resilient development.** Gender equality is also a matter of **making smart and effective financing choices** to address climate change and its differential impacts on men and women.

As the GCF Board moves forward in operationalizing the Fund guided by the Governing Instrument, it must consider how to integrate a "gender-sensitive approach" in its business model framework (BMF) and other relevant operational policies in order to promote, in the context of sustainable development, the paradigm shift toward low-emission and climate-resilient pathways, which addresses climate change as a human-made problem requiring both behavioral change and technical solutions. **Gender equality concerns need to be addressed concurrently with the BMF, other key operational policies and decisions regarding the Fund's structure as part of the paradigm shift the GCF seeks to support**. A gender-sensitive approach in the GCF should therefore build on effective gender mainstreaming practices of existing funds and financing instruments and expand them in its processes and governing structures as necessary in order to achieve a truly transformational impact.

Priority actions for the Board to take in Paris so that the GCF can make progress towards operationalizing a gender-sensitive approach include:

- Approve a gender decision in Paris, which highlights concrete ways forward in operationalizing a gender-sensitive approach and mandates the GCF Secretariat to develop a gender mainstreaming policy for consideration by the Board at its next meeting in early 2014.
- Fully and meaningfully integrate the concept of gender equality and women's empowerment as cross-cutting issue into the Fund's initial results areas, including by applying gender-sensitive performance indicators.
- Include gender equality considerations in planning and reporting instruments, monitoring, evaluation and auditing procedures as key elements of an effective results management framework.
- Elaborate a set of environmental, social and gender safeguards in conjunction with a dedicated gender mainstreaming policy as part of the mandatory criteria by which all entities that access GCF financing must abide.
- Consider experience with and a commitment to gender-sensitive funding implementation a criterion for the accreditation of national and multilateral implementing entities and intermediaries.
- Stipulate gender-sensitive consultations with women and men in recipient countries as a requirement at all project cycle stages — conceptualization, design, implementation and monitoring and evaluation.
- Develop gender-sensitive criteria for project identification and fund allocation for each funding window and facility. Also consider specific set aside funding specifically for women and marginalized groups and channeling resources through complementary funding mechanisms, such as a small grants facility.
- Ensure that gender and social expertise is included in each proposed division of the Independent Secretariat and strive for gender balance among the Independent Secretariat staff. Provide adequate resources in the budget of the Independent Secretariat to support gender experts, internal gender capacity building efforts, as well as resources for information sharing and outreach activities.

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[1] Authors: Heinrich Böll Foundation North America and the Global Gender and Climate Alliance (GGCA) Climate Finance Working Group. Contacts in Paris: Liane Schalatek, Heinrich Böll Foundation North America (liane.schalatek@us.boell.org); Elizabeth Eggerts, UNDP (Elizabeth.eggerts@undp.org); Lorena Aguilar, IUCN (lorena.aguilar@iucn.org)

[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.

Organized under the key agenda topics of the 5th GCF Board meeting, the following sections provide in more detail concrete recommendations on how to make progress toward a gender-sensitive approach in the GCF. In cases where recommendations correlate directly to draft decision text and topics put forth in the background documents, the applicable location of such text is noted next to the recommendation in parenthesis.

<u>Business Model Framework</u>

(I) Initial Result Areas and Performance Indicators (GCF/B.05/02)

- Acknowledge that the initial result areas of the Fund have to fully and meaningfully integrate the concepts of gender equality and women's empowerment as cross-cutting issues in order to promote a paradigm shift towards low-emission and climate-resilient development in the context of sustainable development. A gender-sensitive approach requires that women, as essential stakeholders, are fully considered and represented and that gender roles and dynamics, including constraints and capacities, are taken into account and proactively addressed in program/project design, implementation and monitoring and evaluation. *(para 7, Draft Decision Annex I para d)*
- Ensure that performance indicators of the Fund in all initial result areas address gender equality explicitly in a cross-cutting way as one of multiple benefits [crucial co-benefit] of GCF funding. *(Draft Decision Annex I para e)*
- Utilize a mix of gender-sensitive quantitative indicators (e.g. number of female-headed households with access to low carbon modern technologies) and qualitative indicators (indicating changes in processes or governance frameworks or public participation) for both mitigation and adaptation. This can be accomplished by making proposed performance indicators gender-smart (e.g. not referring to "people", but to men and women and addressing beneficiary groups in some detail). In this work, develop and utilize indicators which assess the transformative impact of Fund activities, such as in terms of land and title rights and allocation of and investment in agriculture and energy inputs and resources for women. *(Draft Decision Annex I para e)*

(II) Results Management Framework (GCF/B.05/03)

- Include gender equality considerations in planning and reporting instruments, as they are key elements of an effective results management framework (RMF). This can be achieved through developing gender guidelines or gender action plans which include gender-responsive criteria for programme design and performance, beginning with a mandatory up-front gender analysis to establish, inter alia, effective baselines for gender-responsive RMFs.
- Require all data collected and used by the GCF integrates gender-specific variables is disaggregated by sex and expand current key criteria definitions to include gender equality considerations. Specifically, expand development co-benefits, as referenced in Annex I para c (iii), to include gender equality indicators. Create gender -responsive measurable and verifiable indicators to monitor, evaluate, and track progress of projects and programming. Encourage participatory monitoring efforts, including women as key stakeholders, during implementation at the local level as suggested under para. 57 of the Governing Instrument. *(Draft Decision Annex I para a, c and e)*
- Promote gender-responsive budgeting, monitoring, evaluation and auditing procedures and timely comprehensive reporting on participation of women and other vulnerable and marginalized groups in the development of country-led strategies. When supporting the scaling up of proven technologies and activities that deliver clear results (see Annex I para b), ensure activities that are supported have demonstrated results in promoting gender equality and women's empowerment. *(Draft Decision Annex I para b and c)*
- Draw on a network of gender experts, such as a gender advisory group, to monitor gender-sensitive capacity building activities and provide technical support, including the identification and documentation of good practices from other relevant funds. *(Draft Decision Annex I para g)*

(III) Allocation (GCF/B.05/05)

- Address the current global underfunding of adaptation, given that women are disproportionally affected by climate change impacts in developing countries, by ensuring a balanced allocation between mitigation and adaptation, with a recommended allocation of no less than 50 percent of overall funds in support of adaptation efforts. Allocation for adaptation should be prioritized for vulnerable country groups (SIDS, LDCs, Africa). *(Draft Decision Annex I, paras a and b)*

- Develop gender-sensitive criteria for project identification and fund allocation for each funding window and facility, including the initial windows for adaptation and mitigation. For the Private Sector Facility (PSF), such criteria must address existing barriers to access to finance for women in recipient countries. They should also engage with women-run private sector micro, small and medium enterprises as well as private sector businesses, companies and investors who are gender-sensitive in their work, and have established inclusive sustainable business practices, investment strategies, carbon reduction targets, etc. (*Draft Decision, Annex I, para c)*
- Consider a multi-tiered allocation in the GCF to facilitate a gender-sensitive approach and to help guarantee effective allocation of resources to benefit vulnerable populations. For example, specifically earmarked reserve funds for women and marginalized groups within each of the GCFs' thematic funding windows could be set aside. The GCF Board could also channel resources through complementary funding mechanisms such as a small grants facility to support women's empowerment and gender equality through small-scale community-based activities in which women in developing countries are more frequently engaged. Such set-aside funds have to be understood as a complement to, but not a substitute for, addressing gender-based criteria across the Fund.

(IV) Country Ownership/No-Objection Procedure (GCF/B.05/06)

- Ensure GCF supported activities [including under the Private Sector Facility (PSF)] are gender-sensitive, developed with the full and meaningful participation of all relevant stakeholders, including women, and aligned with national climate and development plans and priorities in applying the principle of country-ownership and implementing the no-objection procedure. *(Draft Decision Annex I para a, g and h)*
- Ensure a diverse range of national and local stakeholders, including women's and civil society groups and NGOs are included in the national decision-making process leading to a determination of a recipient country's funding priorities as well as are informed about the application of the no-objection procedure. The application of the no-objecture procedure by the a national designated authority (NDA) or a focal point should in itself not be understood as a confirmation or substitute for inclusive and participatory stakeholder processes determining national funding priorities for GCF support. *(para. 5 and Draft Decision Annex I paras a, f and g)*

(V) Financial Instruments/Terms and Criteria for Grants and Concessional Loans (GCF/B.05/07)

- To help promote the shift to low-emission and climate-resilient development pathways, the terms and conditions of instruments deployed by the Fund for mitigation and adaptation should consider women's empowerment and gender equality as an important results area in its own right, especially for full and incremental cost grant financing for mitigation and adaptation activities under the GCF. *(Draft Decision Annex I, paras a and b)*
- In addition to gender, include environmental, social and human rights safeguards in the terms and criteria for grants and concessional loans and also apply them consistently to sub-lending by implementing entities to financial intermediaries. (*Draft Decision Annex I, para b)*

(VI) Access Modalities/Accreditation Criteria and Procedures (GCF/B.05/08)

- To help facilitate and enhance country-ownership, and ensure that the Funds' accreditation process accommodates different capacities and capabilities, standards and criteria for accreditation should be differentiated according to the type of activity that may be undertaken. This would help increase Fund accessibility to countries and other potential groups (e.g. women's, grassroots and civil society organizations) who wish to implement smaller, less costly and more targeted projects. *(para 24, Draft Decision Annex I para a)*
- Consider experience with and a commitment to gender-responsive funding implementation a criterion for the accreditation of national and multilateral implementing entities and support national entities to build the necessary capacity to do so. In addition, to promote participatory country-led processes, require national designated authorities and implementing entities to have gender expertise, seek a gender balance on their staff and conduct gender-sensitive consultations at all project cycle stages, wherein women, women's cooperatives and organizations and other vulnerable and marginalized groups are included as key

stakeholders. Where these requirements are not fulfilled, accreditation should be only provisional with a grace period to improve their ability to fulfill the gender criteria. *(para 64, Draft Decision Annex I para c and i)*

- Include at least one member with expertise in the application of gender equality considerations and social and environmental safeguards in a GCF accreditation panel. Ensure gender expertise is provided to any Board oversight and review committees and panels tasked with the development of the guiding framework for the accreditation process of the Fund. *(para 53 and 67-69, Draft Decision Annex I para d and g)*
- Elaborate a set of environmental, social and gender safeguards in conjunction with a dedicated GCF gender mainstreaming policy as part of the mandatory criteria by which all entities that access GCF financing must abide. These standards need to be consistent with international human rights and environmental law, respect collective property rights, free, prior and informed consent (FPIC) and gender equality. Apply these criteria fund-wide in a coherent funding approach, including in the PSF, to ensure that women are not negatively affected by PSF investments in developing countries, especially large-scale ones. (*Draft Decision Annex I para c)*
- Institute and require sub-national, national and multilateral implementing entities to have a gender-sensitive complaint and redress mechanism in place that are capable of addressing violations against social and environmental safeguards and policies, at both the GCF institutional and implementing entity level, which allows civil society stakeholders, including women, to raise complaints and grievances with the GCF redress mechanism and have them addressed by gender experts. *(para 64 and 70, Draft Decision Annex I para c)*
- Give state, non-state and sub-national actors, including civil society groups and communities, the opportunity to directly access funding without intermediaries as an option and preferred access modality. Support women's cooperatives and organizations and other vulnerable and marginalized groups both to engage in participatory country-led processes for the design and implementation of GCF finance (such as National Designated Authorities) and to apply for finance directly for adaptation and mitigation activities, for example via a small grants facility for women and marginalized groups.

Initial Staffing and Structure of the Secretariat (GCF/B.05/10)

- Request and support a leadership role of the new Executive Director of the Independent Secretariat to build a strong top management commitment to realizing a gender-sensitive approach in all of the GCF's operations, including by appointing a gender focal point who reports directly to the Executive Director.
- Ensure gender and social expertise is included among the staff of each of the proposed main divisions of the Secretariat (country programming, mitigation and adaptation, PSF, external affairs and support services). Additionally, provide regular training for GCF staff on gender and climate change. In this process, strive for gender balance (para 21 in GCF Governing Instrument) among the Independent Secretariat staff as diversity in leadership and broad expertise in decision-making creates opportunities for transformative change and can help ensure that the GCF effectively addresses complex climate change challenges, including the diverse needs and capacities of those impacted by and able to combat climate change. (*Draft Decision Annex I para c, Annex IV)*
- Provide adequate resources in the budget of the Independent Secretariat for an internal GCF gender infrastructure to include gender and social experts, gender capacity building efforts, as well as resources for information sharing and outreach activities.
- Mandate the GCF Independent Secretariat to develop a gender mainstreaming policy and related gender action plan that are in alignment with relevant international commitments—including on human and women's rights, labor standards and environmental law—to be reviewed and updated periodically.
- Ask the Secretariat to development and apply gender-sensitive engagement rules for liaising with and managing the Fund's relationships with stakeholders and observer organizations by reaching out to civil society, the private sector and international organizations, ensure genuine and effective interactions with a broad range of stakeholders. Critical in this process is ensuring that women are adequately represented in any formal Secretariat-led consultations and their roles, levels of power and constraints are taken into account when liaising and managing relationships and designing and conducting consultations. *(Annex II para 7)*

Guidelines for and Establishment of Committee and Panels and their Terms of Reference (GCF/B.05/12 and GCF/B.05/13)

- Allow for adequate representation of men and women, including in leadership roles, in all GCF decision-making and governing bodies, including Board, sub-Committees and working groups, in accordance with the Governing Instrument mandate to give due consideration of gender-balance in GCF Board composition (para. 11).
- Ensure diverse geographic representation among committee and panel members to reflect variance in climate change impact and experience. For developing countries, focus efforts to ensure Least Developed Countries (LDCs) and Small Island Developing States (SIDS) are adequately prepared and represented to take part in committee activities. *(Draft Decision Annex I para a and b)*
- Include gender expertise and gender experts in all committees and panels. Such expertise should be representative of geographical locations and experiences. *(Draft Decision Annex I para b)*
- Ensure that **the Private Sector Advisory Group (PSAG)** addresses the needs of women entrepreneurs in developing countries – a majority of whom are engaged in micro, small and medium sized enterprises providing services to communities – and the obstacles they are facing in accessing sufficient capital, credit and information about financing. Mandate that of the eight private sector representatives and two civil society representatives to be selected several have relevant experience in addressing women's investment needs for low-carbon and climate resilient business development, for example through work experience with local banks, cooperatives or micro-lending institutions. For the composition of the PSAG consider also gender balance and geographic representation, especially from LDCs and SIDS. *(ToR Draft Decision Annex I para k)*

Modalities for Readiness and Preparatory Support (GCF/B.05/14)

- Provide readiness and preparatory support to strengthen the capability of recipient countries' national statistical systems to collect and analyze sex--disaggregated data relevant to GCF funding and measuring its effectiveness in being equitably accessible and beneficial to both women and men. *(Draft Decision Annex I para b)*
- When engaging with private sector, particularly for small- and medium-sized enterprises (SMEs) and local financial intermediaries in developing countries, require such engagement to include consultation specifically with women-run private sector SMEs as well as private sector businesses, companies and investors who are gender sensitive in their work, and have established inclusive sustainable business practices, investment strategies, carbon reduction targets, etc. *(Draft Decision Annex I para d(ii))*
- In readiness and preparatory support and any corresponding programme of work, provide dedicated financial resources and capacity building and other support as necessary to ensure the 1) meaningful engagement of women and other marginalized groups in country-led preparatory processes for identifying national priorities for low-emission and climate-resilient development; and 2) implementation of gender-responsive programmatic approaches within such strategies and national development plans. *(Draft Decision Annex I para f and h)*

Information Disclosure and Observer Participation (GCF/B.05/Inf.05)

- Fully disclose project-related information as the default, with non-disclosure to be justified only in exceptional circumstances, to ensure transparency and accountability of PSF investments and their adherence to such safeguards and standards.
- Make Board proceedings fully transparent and allow for webcasting, with key documents to be shared for stakeholder review and input in advance of meetings.
- Allow active observers, in building on existing precedents, to make interventions during Board meetings as issues arise, add agenda items, request expert input and participate in all Board working arrangements, including those conducted in between official Board meetings. Such representation by active observers should be encouraged to be gender-balanced and gender-informed.

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Annex IV

Indicative Timeline for the Board's Work Plan for 2014

Items highlighted in bold are the essential requirements for the Fund's initial resource mobilization.
The Governments of Indonesia, Namibia and the Philippines have offered to host a Board meeting in 2014

Matters to be addressed between meetings

1. Establishment of committees, panels and groups of the Board;
2. Travel Policy;
3. **Administrative policies;**
4. Legal relationships, including securing privileges and immunities for the Fund and its staff;

Sixth Board meeting, 19–21 February 2014

1. **Initial modalities for the operation of the Fund's mitigation and adaptation windows and the PSF;**
2. **Terms of reference of the Independent Evaluation Unit, the Independent Integrity Unit, and the independent redress mechanism;**
3. **Initial results management framework of the Fund;**
4. **Policies and procedures for the initial allocation of Fund resources;**
5. Progress reports on other essential requirements for the initial resource mobilization, namely:
   (a) **Initial proposal approval process, including the criteria for programme and project funding;**
   (b) **Guiding framework and procedures for accrediting national, regional and international implementing entities and intermediaries, including the Fund's environmental and social safeguards, and fiduciary principles and standards;**
   (c) **Fund's financial risk management and investment frameworks;**
   (d) **Structure of the Fund, including the structure of the PSF;**
6. Additional result areas and indicators for adaptation activities;
7. Financial terms and conditions of grants and concessional loans;
8. Detailed programme of work on readiness and preparatory support;
9. Country ownership: (i) no-objection procedure; (ii) best practices for the establishment and composition of NDAs and focal points; (iii) best-practice options for country coordination and multi-stakeholder engagement;
10. Additional modalities that further enhance direct access, including through funding entities (linked to 5 (b)); and
11. Options for a Fund-wide gender-sensitive approach.

Seventh Board meeting, 21–23 May 2014

1. **Initial proposal approval process, including the criteria for programme and project funding;**
2. **Guiding framework and procedures for accrediting national, regional and international implementing entities and intermediaries, including the Fund's environmental and social safeguards, and fiduciary principles and standards;**
3. **Fund's financial risk management and investment frameworks;**
4. **Structure of the Fund, including the structure of the PSF;**
5. Provisions for legal and formal arrangements with intermediaries and implementing entities, including the policies on fees and payments (linked to 2);
6. Preparations for the initial resource mobilization process;
7. Policies and procedures for contributions;
8. Understanding and defining the alternative sources of financial inputs to the Fund; and
9. Communication strategy.

Eighth Board meeting, 30 September–2 October 2014

1. Report to the COP, including the response to the guidance provided by the COP at its nineteenth session;
2. Commencement of annual reporting and external auditing process;
3. Use of other financial instruments, including guarantees and equity investment;
4. PSF: Potential approaches to mobilizing funds at scale;
5. Monitoring and evaluation policy, including the methodology for portfolio evaluation;
6. Trustee arrangements, including the review of the Interim Trustee and the initiation of a process to select the Trustee of the Fund;
7. Comprehensive information disclosure policy;
8. Participation of observers in Board meetings;
9. Mechanisms to draw on expert and technical advice;
10. Role and expected impacts of the Fund in initial result areas;
11. Simplified procedures and eligibility criteria for certain activities, particularly for small-scale activities; and
12. Relationships with other climate finance entities and external bodies, including corporate and foundational partnerships, the Adaptation Committee, the Technology Executive Committee, as well as other relevant UNFCCC thematic bodies.

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