Climate Funds Update

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The Green Climate Fund

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Climate Finance Fundamentals 11
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The newest actor in the multilateral climate finance architecture is the Green Climate Fund (GCF). The GCF is an operating entity of the Financial Mechanism of the UNFCCC. Parties committed to create the GCF at COP 16 in Cancun, Mexico, and after a year-long Transitional Committee Process to agree on its design parameters, its governing instrument was adopted at COP 17 in Durban, South Africa. Over time, the GCF is supposed to become the main channel for public climate finance. The GCF is a legally independent institution hosted by South Korea, with its own secretariat, and the World Bank as its interim trustee. It functions under the guidance of, and is accountable to, the UNFCCC COP. The 24 GCF Board members, with equal representation of developed and developing countries, and support from the secretariat have been working to operationalise the fund since their first meeting in August 2012. In 2014, the GCF agreed on essential policies and frameworks to receive, manage, program and disburse finance as well as measure and account for its results and impacts, although further work is needed before the GCF can fund its first programs and projects in the second half of 2015. An initial resource mobilisation effort began in June 2014, and a formal pledge meeting in late November 2014 will clarify the level of funding for the GCF. In anticipation of the final resource mobilisation meeting, this Climate Finance Fundamental provides a snapshot of the operationalisation and functions of the Fund. The Fund's role in a post-2020 climate regime remains to be clarified, and both the scale of its resourcing as well as the effectiveness with which it functions will shape this role.

Overview

At its 8th meeting in Barbados in October 2014, the GCF Board made important decisions to further advance toward the full operationalisation of the GCF, building on its Bali (February 2014) and Songdo (June 2014) meetings. In the immediate term, the GCF will offer grants and concessional loans, and work through a wholesale model – using the executing and financial intermediation capacities of partner organisations that will work as implementing entities or intermediaries – rather than a "retail model" in which it would manage program execution directly. The interim criteria for accrediting GCF implementing and intermediation agencies have been set, allowing for a "fit-for-purpose" graduated approach and considering comparable principles and standards of entities already accredited at other finance institutions. Financial inputs into the Fund will only be accepted in form of grants, concessional loans and paid-in capital contributions. GCF allocation will balance funding for mitigation and adaptation measures and ring fence support for the urgent needs of Least Developed Countries (LDCs), Small Island Developing States (SIDS) and African countries and for local private sector actors.

As an operating entity of the financial mechanism of the Convention under Article 11, the GCF is "accountable to and function[s] under the guidance of the COP". It is mandated to take a country-driven approach, and this has been a central determinant for most Board decisions taken to date. This principle is supposed to guide all GCF investment decisions.

The GCF is intended to channel "a significant share of new multilateral funding for adaptation," which is structurally underfunded in the current global climate finance architecture. Board decisions taken in Bali in February 2014 confirmed that it will balance its allocation between adaptation and mitigation. While the precise volume of finance to be channeled through the GCF remains unclear, USD 7.4 billion had been officially pledged to the Fund by the weekend before its final resource mobilisation meeting in Berlin on 20 November 2014. This figure includes official pledges from Germany, France, the US, Japan, Sweden and others. Developing countries including Korea, the host country, with USD 100 million, Mexico with USD 10 million, and Indonesia have also pledged to the Fund (see Table 1). More are likely to do so in the coming days; the UK pledge is yet to be made official but is expected to be in the range of USD 1 billion.The fund could potentially channel tens of billions of dollars per year. These initial figures are already significantly higher than the USD 6.5 billion pledged to the Climate Investment Funds (CIFs), the largest multilateral climate fund that exists today, and is seven times the size of the Global Environment Facility (GEF), which is the longest standing source of climate finance. Developing countries, however, have requested at least USD 15 billion is made in public contributions to the fund by late November.

The GCF Business Model Framework and its Operationalisation

The governing instrument of the GCF presents its broad framework and general direction, which has given the board substantial flexibility on how to operationalise the Fund. In exercising this discretion, however, the Board members bear responsibility for making decisions that secure the ambition of the fund, and allow it to achieve its overriding objective of: "[i]n the context of sustainable development … promot[ing] the paradigm shift towards low-emission and climate-resilient development pathways."

The first GCF Board co-chairs Zaheer Fakir (South Africa) and Ewan McDonald (Australia) sought to make the board an efficient decision-making forum, rather than a negotiating body. The Interim Secretariat executed the vision of the Board in the absence of an Executive Director for the Fund. Under the second GCF Board co-chairs Manfred Konukiewitz (Germany) and Jose Maria Clemente Sarte Salceda (Philippines), both Board members, and a new GCF Executive Director had to redefine their working relationship for decision-making on operational policies and guidelines with increasingly complex technical granularity.

In 2014, progress continued to be slow because of persistent differences between developed and developing countries on visions for the Fund. These reflect longstanding tensions from the Transitional Committee design phase of the GCF (see the 2011 and 2012 CFF 11 for a detailed discussion) and earlier Board disagreements (see the 2013 CFF 11 for further elaboration). Key points of difference included the extent to which public contributions should be central to the GCF, the role of the private sector in delivery and whether the GCF should evolve from a fund to a fully-fledged bank. Below we summarise some of the key decisions taken in 2014.

Table 1: Reported pledges to the GCF (exact amounts and conditions to be confirmed)

Country	Pledges to the GCF in country currency, as of November 20, 2014	Pledges in USD Millions as of 20 November 2014*
Czech Republic	5.5 million USD	5.5
Denmark	70.0 million USD	70.0
France	1,000.0 million USD	1,000.0
Germany	750.0 million EUR	938.0
Japan	1,500.0 million USD	1,500.0
Luxembourg	5.0 million EUR	6.3
Mexico	10.0 million USD	10.0
Netherlands	100.0 million EUR	125.0
Norway	33.0 million USD	33.0
South Korea	100.0 million USD	100.0
Sweden	4.0 billion SEK	541.4
Switzerland	100.0 million USD	100
United States	3,000.0 million USD	3,000.0
CONFIRMED TOTAL		**7,429.2**
United Kingdom	650 million GBP	1,018
UNCONFIRMED NEW TOTAL		**8,447.2**

* EXCHANGE RATES (AS OF 11/16/2014): 1 EUR= 1.25 USD; 100 SEK = 13.53 USD; 1GBP= 1.566 USD.

CONDITIONS AND CAVEATS

GERMANY: UP TO FULL AMOUNT, DEPENDING ON FAIR BURDEN-SHARING AMONG CONTRIBUTORS. PERIOD ALSO TO BE DECIDED.

JAPAN: UP TO FULL AMOUNT, BUT CONDITIONS TO BE SPECIFIED.

UNITED STATES: UP TO FULL AMOUNT OVER FOUR YEARS, BUT NOT TO EXCEED 30 PERCENT OF TOTAL CONFIRMED PLEDGES. CONDITIONS INCLUDE TARGETING OF A "SIGNIFICANT PORTION" TO SUPPORT THE GCF PRIVATE SECTOR FACILITY.

UNITED KINGDOM: ANNOUNCED VIA THE MEDIA AS REPORTED IN THE FINANCIAL TIMES, AND NOT AN OFFICIAL PLEDGE OF THE UK GOVERNMENT.

Resource Mobilisation: The process of GCF resource mobilisation and its timing was a point of controversy from the beginning. While developing countries sought early clarity on resourcing, developed countries wanted clarity on the business model of the Fund before pledging resources. In October 2013, the Board agreed that work on the first eight operational core policies considered essential for the Fund to receive, manage, program and disburse funding was to be completed before an initial resource mobilisation (IRM) process could be "triggered."

The first two meetings of the GCF Board in 2014 in Bali in February and Songdo in May focused on completing these essential decisions, notably: (1) an initial Fund and Secretariat structure; (2) risk management and investment frameworks; (3) the results management framework and associated indicators; (4) an accreditation process for implementing entities and intermediaries, including fiduciary standards and social and environmental safeguards; (5) initial allocation procedures; (6) funding approval process with initial criteria; (7) modalities for the operation of the adaptation and mitigation windows and the Private Sector Facility (PSF); and (8) the terms of reference for the Fund's accountability and redress mechanisms.

The IRM process involved three meetings of interested country contributors in July, September and will culminate in late November 2014. However, contributions are to be accepted on an ongoing basis for the duration of the IRM period, which aims to secure funding for activities in the period 2015 to 2018.

At its 8th meeting in Barbados in October, the GCF Board considered the policies for contributions to the GCF and largely endorsed recommendations by interested contributor countries from the first two IRM meetings. The Board rejected proposals that suggested future voting procedures in the absence of a consensus could be linked to contributions, although voting procedures are to be revisited. The idea that contributors could target funding for mitigation, adaptation or private sector activities respectively was also contested by developing countries.

The IRM is to be followed up with a formal replenishment process (akin to that used for the GEF or the World Bank's International Development Association) once 60 percent of total contributions to the GCF Trust Fund have been approved for projects and programs. This would also be the trigger for future regular replenishment rounds. The first formal replenishment is currently expected to be triggered in mid-2017.

Structure and Organisation of the Fund, including the Independent Secretariat and Accountability Mechanisms: Initially, the Fund is organised along thematic lines with adaptation and mitigation funding windows and a separate PSF. In December 2013, an Independent Secretariat began its work, ending an interim phase for the Fund. It is headquartered in Songdo, South Korea, and managed by its Executive Director Hela Cheikhrouhou, formerly of the African Development Bank, who was selected in June 2013 by the Board through a competitive recruitment process. The Paris meeting from October 2013 also approved its initial staffing and structure, proposing the recruitment of 38 professional and management staff, including 4 experts on mitigation, 4 on adaptation, and 4 on the private sector. Of those positions, by the Barbados Board meeting one year later, only half were filled. The Secretariat is structured in 4 units, namely country programming, mitigation and adaptation, PSF, and support services, with 3 offices for the General Counsel, GCF Risk Manager and Secretary to the Board. For 2015, the Board approved an administrative budget of USD 19.3 million, contingent on resource availability. At its Songdo meeting in June 2014, the Board also decided on the terms of reference for three separate accountability mechanisms, namely an independent evaluation unit reporting to the Board, an integrity unit and an independent redress mechanism. The latter will receive complaints by affected people related to Fund operations as well as recipient country complaints about Board funding decisions. A Board appointment committee will be established in 2015 to help with the recruitment and selection of the leadership of these independent GCF accountability mechanisms.

Results Management Frameworks and Performance Indicators: Throughout 2014, the GCF Board laboured on the development of a results management framework with performance measurement matrices against which the impact, effectiveness and efficiency of its funding will be assessed. The results framework defines the elements of a paradigm shift towards low-emission and climate resilient country-driven development pathways within individual countries, and aggregated across Fund activities. At the Paris meeting in October 2013, the Board agreed to initial results areas and key indicators. Work in 2014 sought to refine and expand these and to adopt a logic frame laying out a model for and expected time-lines to achieve paradigm change. The focus areas for mitigation include: low-emission transport, low emission energy access and power generation at all scales; reduced emissions from buildings, cities, industries and appliances; and sustainable land and forest management (including REDD+ implementation) for mitigation. The core metric is that of greenhouse gas (GHG) emission reductions in tons of carbon dioxide equivalents. For adaptation focus areas include: increased resilience of health, food and water systems; infrastructure; ecosystems; and enhanced livelihoods of vulnerable people, communities and regions. The Board approved a separate performance measurement framework for REDD+ activities, for results-based payments. Initial performance indicators for adaptation and mitigation were also agreed, aimed at capturing both outcomes of projects and programs funded, as well as the transformative impact of the Fund's aggregate activities. In this context, the indicators also commit to assess the resulting development, social, economic and environment co-benefits and gender-sensitivity of GCF investments at the Fund-level, thereby including both quantitative and qualitative measures. Further methodological refinement will proceed in 2015.

Investment Framework and Initial Approval Process: The Board will make GCF investment decisions based on a set of 6 agreed investment criteria focusing on 1) impact (contribution to the GCF results areas); 2) paradigm shift potential; 3) sustainable development potential; 4) needs of the recipient countries and populations; 5) coherence with a country's existing policies or climate strategies; and 6) the effectiveness and efficiency of the proposed intervention, including its ability to leverage additional funding (in the case of mitigation). In 2015, further work on activity-specific indicators will continue, as well as on methodologies to compare proposals "in comparable circumstances" (for example by country groupings or sectors), thereby adding an element of competiveness to the approval process, but balancing it with equity considerations aimed to ensure fairness for proposals from LDCs, SIDS and African states. The Board will be informed in its decision-making by the recommendations on individual funding proposals provided by an Independent Technical Advisory Panel (ITAP), which will be formed in 2015. The Secretariat will issue calls for funding proposals, and provide due-diligence on proposals submitted to ensure compliance with the Fund's interim environmental and social safeguards, its gender policy and financial and other relevant policies. Only funding proposals that have received a no-objection clearance by a national designated authority (NDA) or a country's focal point can be submitted. The initial call for proposals will need to begin by mid- 2015, if the goal of having a first round of approvals in 2015 is to be realised.

Financial Instruments: The GCF Board agreed that the Fund would initially offer only grants and concessional loans, but has yet to finalise the terms and conditions of both. However, the Fund will give accredited intermediaries that fulfill specialised fiduciary standards the option to pass on GCF funding as risk guarantees and equity investments in addition to grants and loans. Over time the Fund may offer such a broader suite of financial instruments directly. The GCF secretariat will have a risk manager overseeing the Fund's risk management approach with guidance from a Board Risk Management Committee. The Committee will review additional financing instruments and recommend them for approval. Some developing country Board members remain concerned that more complex financial instruments would move the Fund towards a bank structure, thus undercutting the core mandate of the GCF as an operating entity of the financial mechanism of the UNFCCC, which focuses on meeting the additional costs of climate change-related interventions through concessional financing.

Forms of Capitalisation and Risk Management Framework: While the Governing Instrument of the GCF states that developed countries will provide the bulk of GCF financial inputs, the Board decided to allow for flexibility in resourcing. Initially, it will only accept grants from the public and private sector, paid-in public capital contributions and concessional public loans. Over time, it may attract other forms of finance from the private or philanthropic sector, including from institutional investors, as well as from alternative sources (for example new taxes or levies from which funding might be raised for the GCF). By accepting loan contributions, however, the risks and concessionality of finance that the GCF will be able to offer recipients may be constrained, as it will need to make an adequate return on its investments to be able to repay these loans. Mindful of these challenges, the Board requested that the majority of inputs into the Fund be grants. It also established safeguards such as capital cushions to ensure that grant inputs would not need to be drawn on to pay for non-performing loan outputs, and to maintain the ability of the GCF to deliver a significant portion of its funding in the form of grants. The level of the capital cushion will need to be adjusted to match the risk profile of the Fund. This management approach will be carefully overseen by the Board's standing Risk Management Committee working with the Secretariat's risk manager. In 2015, the Risk Management Committee and the Board will also address non-financial risks that the fund faces as part of this framework.

Allocation: The GCF Board is supposed to "balance" allocation between mitigation and adaptation, but the term balance is not defined in the governing instrument or the UNFCCC COP decision in 2011 that established the Fund. The Board initially approved allocation under a theme-based approach for adaptation, mitigation and the PSF. It clarified at its 6th meeting in Bali that the Fund will aim for a 50:50 balance between mitigation and adaptation "over time". It also established an allocation floor of 50 percent of the adaptation funding for the most vulnerable countries (LDCs, SIDS and African States). Allocations will be tracked in grant equivalents. While it did not set a maximum allocation cap for individual countries, the Bali decision stressed the need for geographical balance. The goal is to allow the largest possible number of developing countries to benefit from its resources and make special efforts to ensure LDCs and SIDs have access to funding. The PSF is to receive an unspecified "significant allocation". There is a strong interest that it focus primarily on local private sector actors, including small and medium enterprises (SMEs). Sufficient resources are also to be provided for readiness and preparatory support.

Country Ownership: The Board repeatedly confirmed country ownership and a country-driven approach as core principles of the Fund. A National Designated Authority (NDA), or a focal point, will act as the main point of contact for the Fund, develop and propose individual country work programs for GCF consideration and ensure the consistency of all funding proposals that the Secretariat receives with national climate and development plans and preferences. By mid-October 2014, 66 countries had designated an NDA or focal point. Those remaining are encouraged to do so no later than March 2015. Countries have flexibility on the structure, operation and governance of NDAs, though the Board at its 8th meeting in Barbados approved initial best practice guidelines and options for country coordination and multi-stakeholder engagement for the Fund. In Barbados, the Board overcame lingering developed and developing countries' differences regarding how to create a transparent "no objection" procedure through which countries can either endorse or raise concerns about proposed programs or projects. A proposal will need to be accompanied with a formal letter of no-objection to the Secretariat from the NDA or Focal Point, or receive it within thirty days of proposal receipt, in order for it to be considered by the GCF. This is intended to ensure recipient country ownership of funding for programs, particularly those that are not implemented by governments such as through the private sector. NDAs will choose a process that works for them for issuing the letter of no-objection. The approach recognises the need of the private sector for timely clarity while safeguarding the priorities of recipient countries.

Access Modalities: The GCF will work through a diverse range of partners. Like the Kyoto Protocol's Adaptation Fund, the GCF will give recipient countries direct access to funding through accredited national and sub-national implementing entities and intermediaries. These may include government ministries, NGOs, national development banks, and other organisations that can meet the standards of the Fund. Countries can also access funding through accredited international and regional entities (such as multilateral development banks and UN agencies, but also through regional development banks and regional institutions). Private sector entities can also be accredited as implementing entities or intermediaries. Developing countries have also been keen to explore modalities for enhanced direct access in 2014, which would allow developing country-based accredited institutions to receive an allocation of GCF finance and then make their own decisions about how to programme resources. This would contrast with current arrangements where they can only access finance for discrete projects and programs approved by the GCF board. Possible recipients could include national climate change trust funds, which create a forum for nationally driven country programming and have their own project pipeline, or climate related budget support arrangements. The development of a national small grants programme could also be an option under such an approach. At its Barbados meeting, the Board decided to start a pilot phase with modalities to be developed in early 2015.

Accreditation Framework with Fiduciary Standards and Environmental and Social Safeguards: In 2014, the Board agreed on a broad accreditation framework with a three-step accreditation process, proposed by a team of Board members and senior external experts and informed by good practice standards and policies in place at institutions such as the World Bank Group, the GEF and the Adaptation Fund. Implementing entities and intermediaries from both the public and the private sector will need to have in place best practice social and environmental safeguards and meet strong fiduciary standards to ensure good financial management, with additional specialised fiduciary standards required for financial intermediation and program management. In June 2014, the Board adopted the performance standards of the International Finance Corporation (IFC), the private sector arm of the World Bank Group, as the Fund's interim environmental and social safeguards (ESS) while it develops its own ESS over three years with inclusive multi-stakeholder participation.

The Board also approved guidelines for a "fit-for-purpose" accreditation approach at the Barbados meeting, in which the application of fiduciary standards and ESS are categorised and matched to the risk level, complexity and size of the project or program that will be implemented. Implementing entities will choose which category of accreditation they seek and whether they want to be accredited to provide additional intermediating functions. The Board also decided to consider fast track accreditation for entities already accredited with the GEF, the Adaptation Fund and the development aid program of the European Commission (EU DEVCO), as well as institutions with a track record of engaging with the private sector, provided any identified gaps in adherence with GCF standards and safeguards are addressed. As a result, bilateral development agencies and finance organisations may be accredited as early implementing entities of the Fund. A six-member Accreditation Panel will review applicants' documentation and recommend to the Board whether an entity shall be granted accreditation and indicate further conditions where applicable. The call for accreditation applications began on 17 November 2014. It is hoped that the GCF Board at its first meeting in 2015 in late February will accredit the first applicants.

Readiness and Preparatory Support: LDCs, SIDS and some developed countries on the GCF Board have made a strong case for early support for "readiness activities" that would build country capacity to access and program GCF finance effectively. Germany and South Korea have provided additional resources for this purpose. Decisions by the Board in 2014 on a detailed work programme for readiness and preparatory support reaffirm these activities as a strategic priority for the Fund. While all developing countries will have access to readiness support, the USD 29 million programme approved in Barbados establishes a floor of 50 percent of this allocation for particularly vulnerable states, including SIDS, LDCs and African states. Supporting national, sub-national and regional implementing entities and intermediaries to meet GCF accreditation standards will be a priority of the program. This is intended to ensure that these standards do not become a barrier to direct access to the GCF. The Fund will also provide readiness support to strengthen the institutional capacities in recipient countries for country coordination and multi-stakeholder consultation mechanisms as needed, as well as to prepare country programmes and project pipelines. The Secretariat, which administers the program and makes individual funding decisions, is to work in partnership and in coordination with bilateral agencies and national, regional and international institutions, including UN agencies, already delivering readiness support through ongoing initiatives. At the national level, the NDA or focal point will take the lead in deploying readiness and preparatory support funding, which is capped at USD 1 million per individual country per year.

Private Sector Facility: The PSF, an integral part of the GCF and operating under the guidance of the full GCF Board, is to provide funding to private actors, and support activities that especially enable domestic private investment in low carbon and climate resilient approaches. There has been particularly strong interest in the PSF from developed countries, who seek to ensure that limited public finance leverages and crowds-in private sector investments. There is also a case for public finance to be used to address market failures that impede private investment in mitigation and adaptation. Indeed, many governments and other stakeholders see this as key to ensuring that the GCF meets its objective of realising a paradigm shift towards low carbon and climate resilient development. Like the adaptation and mitigation windows, initially, the PSF will use only grants and concessional loans provided to accredited implementing agencies and intermediaries. Intermediaries, however, may be able to use this funding to offer a wider range of instruments including risk guarantees and equity investments. Over time, the PSF's range of instruments to be used could expand, and direct finance to private sector actors might be considered.

In October 2013 in Paris, the Board decided to establish a 20 person Private Sector Advisory Group (PSAG) whose members were confirmed at the Bali meeting. The PSAG met in April and September 2014 and elaborated broad principles as well as targeted recommendations to the Board for Fund-wide engagement options and opportunities with the private sector, for example on mobilising funding at scale or working with local entities, particularly SMEs. The PSAG is composed of eight private sector representatives, four each from developed and developing countries, in addition to two civil society experts and three Board members each from developed and developing countries. It works closely with the Secretariat as well as the Board Investment and Risk Management Committees. The four formal GCF active observers from the private sector and civil society are also allowed to participate in PSAG meetings.

Gender: At its Bali Board meeting in February 2014, the Board reaffirmed the need for all GCF funding to take a gender-sensitive approach and requested the development of a gender policy and a gender action plan for the Fund, including some expert staff and financial resources for implementation. Both are to be considered and approved at the 9th Board meeting in February 2015. In Bali, the Board also mandated the mainstreaming of gender considerations into key operational policies and guidelines on an ongoing basis. This led to Board decisions in 2014 stipulating the integration of a gender-sensitive approach to results management and investment decisions as well as in accreditation procedures and stakeholder engagement processes. These decisions make the GCF the first dedicated climate fund to have a gender mainstreaming approach in place at the beginning of its funding operations. The Board will also have to address other gender provisions in the governing instrument, particularly the need for gender balance among the Secretariat staff and in the 24 person GCF Board (which currently only includes 4 women, and 2 female alternate Board members). Gender balance and expertise are also crucial for the various committees and expert advisory bodies, including the PSAG and the accreditation panel.

GCF Relationship to the UNFCCC and the COP: The GCF is an operating entity of the UNFCCC's financial mechanism. It is to be "accountable to and function under the guidance of the COP". The GCF Board has sought to define the arrangements between the COP and the GCF with a decision in October 2013 which reaffirmed its full responsibility for funding decisions and which the Warsaw COP approved. The Standing Committee on Finance (SCF), a complementary UNFCCC body aimed at taking stock and ensuring accountability in the global climate finance architecture, has also developed recommendations to this end. The GCF Board prepares an annual report on its programs, policies and priorities and status of resources and responds to feedback and guidance received in reaction from the COP. In addition, the COP will have the authority to commission an independent assessment of the GCF, which would evaluate overall Fund performance, including that of its Board and the adequacy of its resources, in connection with periodic reviews of the UNFCCC financial mechanism.

Stakeholder and Observer Input and Participation: The GCF governing instruments anticipates extensive stakeholder participation in the design, development and implementation of the strategies and activities financed by the GCF. Stakeholders are broadly defined as "private sector-actors, civil society organisations, vulnerable groups, women and indigenous peoples." These mandates will be operationalised in the context of arrangements for country-ownership and programming for the fund, and in accreditation criteria for implementing entities and intermediaries. GCF readiness support will also support the gender-sensitive engagement of national and sub-national stakeholders in the GCF programming process.

There is also a provision for stakeholders to observe the deliberations of the Fund, and for 2 active observers each from the private sector and civil society to provide input at Board meetings. Since the Board established GCF specific accreditation procedures for observer organisations (international institutions, civil society groups and the private sector) in 2013, close to 190 organisations have been registered in five rounds. The Board approves application of interested groups on a no-objection basis before each Board meeting. Active civil society and private sector observers (from developed and developing countries) identified in mid-2013 for a two year period through a self-selection process, make interventions at the invitation of the co-chairs. Unlike with other funds, however, they are not invited to suggest agenda items for Board meetings, or request expert input to the Board discussion. They are also currently unable to participate in committees and panels of the Board, which is where many decisions are prepared for full board considerations, or involved in intersessional decision-making unless specifically invited. Following the Bali Board meeting, the Secretariat improved efforts to consult observers intersessionally via carefully managed requests for written input and conference calls with Secretariat staff in charge of preparing Board documents.

Information Disclosure and Communication Strategy: The disclosure practice of the GCF – in the absence of a comprehensive information disclosure policy which is still under development – operates under "presumption to disclose". Board meeting documents are posted on the GCF website at the same time they are send to Board members, advisors and active observers (www.gcfund.org). Under the draft disclosure policy, to be considered in 2015, documents would be only kept confidential on an exceptional basis under special circumstances (a "negative list approach"). The Board may also reconsider a controversial earlier decision from 2013 that banned live webcasting of its meetings; a relatively low cost way to increase transparency and public awareness of the Fund's decision-making process that other climate finance bodies, for example the CDM-Board and the Adaptation Fund Board, already routinely employ. Currently, video recordings of the Board sessions are only available to registered users via the GCF-website three weeks after the Board meeting. The Secretariat's communication strategy, which is to set parameters for sharing information with the public, will only formally be considered in late 2015, however, the Secretariat – aided by new logo for the Fund – is already actively engaging in outreach activities as part of mandated policies to build global awareness and support for the GCF.

Outlook for 2015

The three Board meetings in 2014 set the broad contents of the policies for the GCF to receive and program significant resources. But in 2015 important work will need to be done on vital issues including the mechanics of the Private Sector Facility of the Fund, and to finalise technical details and guidance for the submission and consideration of the first proposals. Three Board meetings are planned (in late February, June and October) and if the work plan proceeds on schedule, it is hoped that it will be able to approve its first programs in 2015. The two new co-chairs, Henrik Harboe (Norway) and Gabriel Quijandria (Peru) elected in October for a one year term will need to help manage this challenging agenda. The co-chairs will be able to rely on an independent Secretariat with growing staff and expertise to support this work. But without a resident Board and with a limited number of opportunities for Board meetings and convening, the GCF Board will also have to consider delegating more decisions to the Secretariat and its Executive Director as well as to some of its standing Board committees.

Although the Durban decision on the GCF stressed the need for an "early and adequate replenishment process", based on voluntary contributions, it does not address how to secure sufficient long term capitalisation of the Fund. This issue is, of course, linked to wider UNFCCC negotiations on long-term finance, and the climate finance architecture, which remain unsolved in the lead-up to the important Paris COP at which a new agreement on climate change is to be agreed.

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