

Climate Finance Advisory Service

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Daily Briefing

10th Green Climate Fund Board Meeting

(6 July 2015)

This is the Climate Finance Advisory Service (CFAS) Daily Briefing. Produced at key meetings and negotiations by the CFAS expert team, the Daily Briefings try to provide a concise, informative update on key discussions that have taken place at each day of the meeting and give an overview of substantive points of action or progress. Please note that this is an independent summary by CFAS and not officially mandated by the GCF Board or Secretariat.

Summary from 6 July 2015

On Monday, July 6th 2015, the Board of the Green Climate Fund (GCF) convened for its 10th meeting in Songdo, Republic of Korea. The two Co-Chairs, Mr. Henrik Harboe (Norway) and Mr. Gabriel Quijandria (Peru), opened the meeting and welcomed Board Members, Alternates, advisers and a record number of around 200 accredited observers to the Fund's headquarters.

This meeting's agenda contains a number of crucial issues, such as how to determine which projects and programmes should qualify for which level of concessional financing, further details on the proposal approval process, terms of reference for a pilot phase for enhanced direct access and consideration of accreditation proposals from potential implementing entities and intermediaries. Successful completion of this packed agenda would enable the GCF to approve a first round of funding proposals at the 11th Board meeting to be held in November of this year. In order to allow sufficient time to deal with all agenda items, the meeting was extended from the usual three to four days.

In total, there are 34 agenda items to be dealt with at this meeting. After some discussion on the agenda and the organization of work, the agenda was adopted. Several Board Members requested that the issues of the work plan for 2015, in particular the items for consideration at the next meeting, and of a multi-year strategic plan for the Board be discussed and these were added to the agenda.

Reports of the Board, Co-chairs, Secretariat and Committees

The Board adopted the report of the 9th Board meeting held in Songdo, South Korea with some changes as suggested by the Board Members. The Board also took note of the reports of the activities by the Co-Chairs and then turned to the report of the Secretariat and the Fund's various committees such as Accreditation Committee, Accreditation Panel, Investment Committee, Risk Management Committee, Ethics and Audit Committee and the Private Sectors Advisory Group (PSAG).

In its report, the secretariat highlighted that 13 institutions are ready for accreditation at this meeting as recommended by the accreditation panel. There are now 127 National Designated Authority (NDA) or Focal Points nominated, 74 of which have requested readiness support. In the public sector

category, 76 project ideas and concept notes have been received for US\$3.4 billion and in the private sector, 48 project ideas and concept notes have been received for US\$3.1 billion. A number of Board Members raised clarifying questions to the Secretariat, especially on the communications and outreach programme and on the statistics regarding concept notes that were presented. Some Board Members found it unusual for the Secretariat to cooperate on the development of concept notes from entities that are not accredited yet. Based on the suggestion of some Board Members, the Secretariat will prepare a revised report by Thursday.

The Finance Panel referred to its written report. The Accreditation Panel reported that it recommends 13 entities for accreditation, up from 7 at the last meeting. They stressed that with their present capacity the numbers could not be doubled again for the next Board meeting. The panel requested to know how many entities the Board expects to be accredited in the next 3 years, so the panel can plan well in advance.

Similarly, the Investment Committee reported that they focused on preparing two major agenda items: Appointment of experts to the independent Technical Advisory Panel (ITAP) and applying scale in the assessment of funding proposals. Since the committee could not come to a full consensus on either of these items, they would continue to meet on the sidelines of the Board meeting and likely present the Board with different options for consideration. The Risk Management Committee and Ethics Committee reported that they had also been involved in the preparations for several agenda items for this meeting.

The Private Sector Advisory Group (PSAG) reported that they discussed readiness for micro, small and medium enterprises and how the PSAG would interact with the Risk Management Committee to determine the Fund's risk appetite when dealing with the private sector. They also pointed out that terms of PSAG members will come to an end soon and that continuity would be beneficial.

Status of the Initial Resource Mobilization Process

The Secretariat gave a presentation on the latest status and informed the Board that contribution agreements for US\$5.8 billion had been signed. Out of the total pledges of US\$10.2 billion, US\$4.4 in pledges still remain and need to be converted to contribution agreements until the Paris climate summit (COP 21) at the end of the year. The Secretariat said that US\$1.4 billion would be available for proposals to be approved at the 11th Board meeting. In 2016, an additional US\$1.3 billion is expected.

Different aspects of resource mobilization were discussed in great detail. Board Members asked for more detailed breakdowns and clarifications, including on how much of the available resources could be distributed as loans and grants respectively. General concerns on the role of loans and grants were also raised, foreshadowing some discussions to be expected under the agenda item on "level of concessional terms for the public sector". Several developing country Board Members stressed their view that the GCF was a fund and not a bank and that a significant share of the support provided by the Fund should be expected to be in the form of grants.

Board members also discussed timelines and triggers in relation to the ongoing initial resource mobilization and the beginning of the first replenishment. It was agreed to come back to those issues at the next meeting.

The first day concluded with a number of agenda items postponed to the next day. The Co-Chairs agreed to present a revised agenda with a new timetable the next morning, as requested by some board members to ensure the meeting would not go into overtime on Thursday.

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