

July 2016

Key outcomes of the 13th GCF Board meeting

**Report on decisions at the 13th Meeting of the Green Climate Fund Board
28-30 June 2016, Songdo, Republic of Korea**

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Key messages for policymakers in LDCs and SIDS

The Board took important decisions at its 13th meeting, which responded to the guidance received from the Conference of the Parties (COP) to the United Nations Framework Convention on Climate Change (UNFCCC), including during its 21st session in Paris. These included decisions on the following:

- The Board's timely decision that the GCF will **expedite its support for the formulation of National Adaptation Plans (NAPs) and implementation of projects identified in NAPs**. For NAPs preparation, National Designated Authorities (NDAs)/focal points can request up to \$3 million per country under the Readiness programme and should act quickly to identify partners and start the application process to access financing for formulating their NAPs. With this in place, it is very important that the GCF explores ways to expedite disbursement of resources for the implementation of projects and programmes that are to be identified by the NAPs.
- The Board agreed that the current modalities of the GCF would enable **support for the preparation and implementation of Nationally Determined Contributions (NDCs)**. Developing countries' NDAs should undertake the necessary actions to convert their NDCs into bankable projects and programmes with GCF Accredited Entities (AEs) and the support of the GCF's Readiness and Preparatory Support Programme and the Project Preparation Facility (PPF).

The Board approved nine funding proposals of which eight are from public international access entities and one from a private regional direct access entity, with a combined total value of \$256.6 million. It is concerning that there are almost no funding proposals from national or regional direct access entities that were presented this time for the Board's approval. The GCF Secretariat with the help from the Board, AEs and NDAs/focal points should strengthen and balance the portfolio by enhancing its direct access component.

The Board adopted decisions that could accelerate building the GCF portfolio and pipeline that includes:

- operationalization of the PPF, which is now up and running to receive requests from all accredited entities especially direct access entities for project preparation grants, especially in the micro-scale (up to \$10 million) to small-scale (up to \$50 million) category for project preparation grants (up to \$1.5 million per project)
- decisions on the simplified approval process for certain activities, especially small-scale activities that are particularly important for LDCs and SIDS that usually face challenges of fulfilling requirements on adequate data and completing feasibility studies, which is time consuming and costly
- a decision to further expedite the disbursement of readiness resources
- a decision to issue a request for proposal for the pilot programme of micro, small and medium sized enterprises (MSMEs) and during the meeting a request for proposal was issued for the pilot phase for additional modalities to Enhance Direct Access , and
- a decision on the risk and investment guidelines that are important for the Board to take decisions on approving projects and becoming an institution that is willing to take on more risks than other institutions.



LDCs and SIDS should take advantage of the recent Board decisions, including those at the 13th meeting, on the **simplified approval process for micro- and small scale activities**, the **project preparation facility that prioritizes direct access entities**, and the **simplification of readiness support template and grant agreement** in order to:

- 1) have their national/regional implementing entities supported through the accreditation process, and
- 2) develop and submit high quality projects/programmes based on their (I)NDCs, NAPs and other national plans.

With the funding proposals approved so far and those in the pipeline, the GCF needs to strategize and work with its partners if it is to achieve its aspirational goal of approving funding proposals worth \$2.5billion in 2016. The GCF Secretariat's update at the meeting of the GCF's portfolio including its pipeline of projects and programmes and concept notes was helpful to have an overview in this regard.

Even though five **applications for accreditation** were presented to the Board, these were all deferred to the next meeting since the Board could not reach a consensus to accredit a Korean Export Credit Agency. The fact that other accreditation proposals could not be considered due to lack of consensus over one applicant should not set a precedent for the future. The Accreditation Committee is tasked to present to the Board at its next meeting:

- 1) a policy document that addresses the current policy gaps in the accreditation framework, and
- 2) a revised strategy for accreditation.

As part of the Accreditation Strategy, the Board should consider prioritizing national and regional direct access entities and ways to ensure that direct access entities are also accredited in the medium or large accreditation category. LDCs and SIDS should give inputs to the development of a policy document that will address the policy gap in the accreditation framework and revision of the accreditation strategy so that entities that fulfill the accreditation requirements and will serve the GCF's objectives are accredited in time. Regional and National direct access entities should be supported through continued and enhanced readiness support and targeted capacity-building in order to build local expertise to sustain the generation of high quality project and successful implementation once the readiness grant runs out.

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Overview of key decisions of GCFB.13

The GCF Board took major decisions at its 13th meeting. Decisions on country ownership guidelines, accreditation strategy, accreditation of new entities, programmatic approach for funding proposals and performance management framework were deferred to the next meeting. Some of these deferred decisions, particularly those relating to accreditation of new entities, are critical for LDCs and SIDS in which applications from entities from LDCs and SIDS were presented at this meeting for the Board's approval. In addition, a decision on guidelines for programmatic approach would assist in building the GCF's pipelines particularly from LDCs and SIDS.

The following key decisions were taken at the meeting:

Adaptation Planning Process: The Board decided to give the Executive Director of the GCF the mandate to approve funding requests for the formulation of NAPs and other adaptation planning processes of up to \$3 million per country under the Readiness and Preparatory Support Programme. Support for formulation of NAPs will be a separate activity under the Readiness programme and is **additional** to the existing cap of \$1 million per country per year for the activity areas of strengthening Nationally Designated Authorities (NDAs), preparation of country programming, support for accreditation and information and experience sharing and exchange.

Relationship with the UNFCCC Thematic Bodies: The Board decided to hold an annual meeting with the UNFCCC thematic bodies in conjunction with the COP.

Complementarity and Coherence with other Funds: The Board will hold an annual dialogue in conjunction with Board meetings with climate finance delivery channels¹ with the first one to be held during its 15th meeting (December, 2016).

Simplified Approval Process: The Board adopted a simplified approval process for micro- and small-scale funding proposals that fall under the low/no risk category. The simplified approval process applies to proposals submitted by all accredited entities especially direct access entities.

Project Preparation Facility (PPF): The Board decided that the PPF would support project preparation requests limited to a maximum of \$1.5 million per project from all accredited entities, especially direct access entities, especially in the micro-to-small category to enhance the balance and diversity of the project pipeline. An amount of \$40 million was made available for the initial phase.

Request for Proposals: The Board requested the GCF Secretariat to issue the request for proposals to support micro-, small- and medium sized enterprises (MSMEs) to solicit responses from current and potential accredited entities with a deadline set for **30 August 2016**.

Approval of Funding Proposals: The Board approved nine funding proposals worth a total of about US\$ 256 million. This includes proposals from LDCs and SIDS (the Gambia, Mali and Tuvalu) that accounts for 31% of the approved proposals.

¹ The Adaptation Fund (AF), Climate Investment Funds (CIFs), Least Developed Countries Fund (LDCF), Global Environment Facility (GEF), Special Climate Change Fund (SCCF), Multilateral Development Banks (MDBs) and others...

Interim Redress Mechanism: The Board adopted an interim redress procedure for reconsideration of funding decisions.

Readiness Programme: The Board encouraged the GCF Secretariat to continue to expedite the approval and disbursement of readiness and preparatory support resources. To expedite disbursement, the Board agreed to simplify the currently cumbersome readiness grant agreements with a view to developing country programme framework agreements. No timeframe for this work was agreed. Moreover the indicative list of readiness activities was revised so that the formulation of concept notes can now be supported under the Readiness programme.

Risk and Investment Policies: The Board adopted interim risk and investment guidelines for public and private sector to guide the day-to-day operations of the GCF.

Detailed Summary of Meeting Outcomes

Context

The 13th meeting of the Board was held from 26-28 June 2016 in Songdo, Republic of Korea. A day before the formal meeting started, the Board had an informal meeting to address some issues that needed more discussion. The Board took various decisions related to the guidance it has received from the COP, including expedited support for the formulation of NAPs, the GCF's relationship with UNFCCC thematic bodies and coherence and complementarity of the GCF with other Funds. The Board also approved funding of nine project proposals with a total value of \$256.6 million and adopted other decisions that could accelerate building the GCF portfolio and pipeline..

Matters related to guidance from the Conference of Parties (COP)

The GCF as an operating entity of the Financial Mechanism of the Convention has been receiving guidance from the COP annually. In line with this, the Board took various decisions to respond to the guidance it received at COP21 on Adaptation Planning Processes, GCF and the Paris Agreement, Relationship with the UNFCCC thematic bodies and Coherence and Complementarity with other Funds.

Adaptation Planning Processes

The Board, by deciding to expedite its support for the formulation of NAPs and for the subsequent implementation of projects, policies and programmes identified by them, responded to decision 1/CP.21². The Executive Director of the GCF now has the mandate to approve up to \$3 million per country for NAP formulation through the Readiness and Preparatory Support Programme. Support for formulation of NAPs or other adaptation planning processes was established as a separate activity of the Readiness Programme, additional to the existing \$1 million cap per country per year.

This decision calls for NDAs and/or focal points to collaborate with readiness delivery partners and accredited entities to submit their requests. Moreover, the decision invited accredited entities to collaborate with developing countries to prepare concept notes, funding proposals and PPF requests, to implement adaptation actions that are identified in the NAPs and/or other adaptation planning processes. Those countries that have not submitted their requests through the Readiness Programme, can partner with accredited entities that could submit programmatic approaches for multi-country NAPs formulation under the project approval process.

As per the decision taken by the Board, the Secretariat will have to revise the existing Readiness Support request templates and processes for requests for support for the formulation of NAPs. Since formulation of NAPs is a priority for many developing countries, the Secretariat should ensure that these requests are responded to and resources are disbursed timely. The decision by the GCF Board to make \$3 million per country available for the formulation of NAPs, should be seen as the first promising step but will have to collaborate with other bodies including the Adaptation Committee, the LDC Expert Group to explore ways on how to expedite support for the implementation of NAPs and/or other adaptation processes.

² ...the GCF to expedite its support for the formulation and implementation of NAPs for LDCs and other developing countries.

The GCF and the Paris Agreement

The Paris Agreement decided that the GCF will serve the new Agreement. The Board considered this agenda item to address how the GCF could support the implementation of the Paris Agreement and related COP decisions. It was agreed that the current modalities of the GCF enable support for the preparation and implementation of NDCs and adaptation related elements of the Paris Agreement. In relation to this, NDAs/focal points are urged in decision to work with accredited entities to consider how their national climate priorities can be submitted as concrete proposals including under the Project Preparation Facility (PPF). Therefore NDAs/focal points should take this opportunity to convert their national climate priorities into projects and programmes and access resources to implement them. In doing so, NDAs/focal points should make use of the Readiness Support and the PPF. In addition, the Board decided to consider in its future work-plans, how to support actions related to the implementation of the Paris Agreement.

Relationship with UNFCCC Thematic Bodies

To enhance cooperation and coherence of engagement between the GCF and the UNFCCC thematic bodies³, the Board decided to hold an annual meeting that will be organized by the GCF Secretariat and chaired by the co-chairs of the GCF Board. This annual meeting will be held in conjunction with the COP and involve the chairs of the various thematic bodies, chairs of the Subsidiary Bodies, and the COP president and will be open to all members of the GCF Board and the thematic bodies.

Furthermore the Board decided to invite the Chair of the Technology Mechanism (the Technology Executive Committee (TEC) and the Climate Technology Center and Network (CTCN) to present to the Board during its consideration of technology matters at its 14th meeting (B.14) and a representative of the Executive Board of UN-REDD Programme to present to the Board at B.14 during its consideration of matters related to operationalizing REDD-plus. This practice of inviting representatives from different thematic bodies when the Board considers related issues is highly appreciated for the reason that it will assist the Board in making an informed decision that is consistent with the work of these thematic bodies.

Complementarity and Coherence with other Funds

The Board decided to prepare an operational framework on complementarity and coherence at fund-to-fund level, activity level, national programming level and climate finance delivery level for the Board's consideration at its 15th meeting. This will be a basis for the cooperation of the Board with the Standing Committee on Finance (SCF). The Secretariat was requested to prepare a document that presents options for the operationalization of key elements of this framework for the 17th meeting.

Moreover, the co-chairs of the Board were requested to initiate an annual dialogue with climate finance delivery channels starting from the 15th meeting (December, 2016). This annual dialogue with other funds will be held annually in conjunction with a Board meeting at the GCF headquarters, Songdo, Republic of Korea in order to enhance complementarity at the activity level.

³ UNFCCC thematic bodies: Standing Committee on Finance (SCF); the Adaptation Committee (AC); the Least Developed Countries Expert Group (LEG); the Technology Mechanism (the Technology Executive Committee (TEC) and the Climate Technology Centre and Network (CTCN)); the Executive Committee of the Warsaw International Mechanism for Loss and Damage associate with Climate Change Impacts (ExCom); UN-REDD Programme Executive Board

It is significant that the GCF agreed to the initiative to undertake an annual dialogue, as it will be an appropriate platform for the various funds to come together and share their experiences and collaborate with each other to avoid any duplication of efforts. This in turn should assist in achieving coherence and complementarity at the activity level and also fund-to fund level. The GCF can learn a lot from other funds that have been in business for some time and this is also an opportunity for NDAs/focal points and accredited entities to identify which Funds are in line with their national priorities and could potentially complement the work of the GCF.

Funding Proposals

Project/Programme Pipeline

According to the status report by the Secretariat, as of 15 May 2016, the GCF pipeline comprises of 41 public and private sector funding proposals with a total GCF request of \$2.4 billion. Out of the 41 proposals only 33% target adaptation with 67% targeting mitigation with an estimated 2.2 billion tonnes of carbon dioxide equivalent (tCO₂e) to be reduced or avoided over the lifetime of the proposed activities. The Secretariat has estimated that 24 projects and programmes have more than 50% probability of being presented to the Board in the next 12 months for a total GCF request of \$1.4 billion. In addition to this, there are 104 concept notes in the pipeline with a potential GCF funding request of \$5.5 billion of which 41% target mitigation activities and the remaining 59% for adaptation activities.

Approval of Funding Proposals

Nine funding proposals worth a total of about \$256.6 million were approved with some conditions and recommendations. From the nine projects, five are adaptation projects, with two mitigation and the remaining two crosscutting projects. Three out of nine projects (the Gambia, Mali and Tuvalu) that were approved at this meeting target LDCs, SIDS and African States with a total of \$79 million that accounts for 31% of the total requested GCF funding amount. The approved projects are listed in the table below. As it can be seen in the table below, eight proposals are submitted by public international accredited entities with only one by a regional direct access private entity.

Funding Proposal	Project Title	Accredited Entity	Mitigation/ Adaptation/ Cross-Cutting	Amount in USD
FP 009	Energy savings insurance (ESI) for private energy efficiency investments by small and medium-sized enterprises (SMEs), El Salvador	Inter- American Development Bank (IDB)	Mitigation	21.7 mln
FP 010	De-risking and scaling-up investment in energy efficient building retrofits, Armenia	UNDP	Mitigation	20 mln
FP 011	Large-scale ecosystem-based adaptation in the Gambia : developing a climate-resilient, natural resource-based economy	UNEP	Adaptation	20.5mln
FP 012	Africa Hydromet program – strengthening climate resilience in sub-Saharan Africa: Mali country project	World Bank	Adaptation	22.8 mln

FP 013	Improving the resilience of vulnerable coastal communities to climate change related impacts in Vietnam	UNDP	Cross-cutting	29.5 mln
FP 014	Project to support the World Bank's Climate adaptation and mitigation program for the Aral Sea Basin (CAMP4ASB) in Tajikistan and Uzbekistan	World Bank	Adaptation	19 mln
FP 015	Tuvalu coastal adaptation project (TCAP)	UNDP	Adaptation	36 mln
FP 016	Strengthening the resilience of smallholder farmers in the dry zone to climate variability and extreme events through an integrated approach to water management, Sri Lanka	UNDP	Adaptation	38.1 mln
FP 017	Climate action and solar energy development programme in the Tarapacá Region in Chile	Corporación Andina de Fomento	Cross-cutting	49 mln
Total				256.6 mln

The Board has set an aspirational goal of approving funding proposals worth of \$2.5 billion in 2016, though what has been approved so far \$424.6 million and what is in the pipeline still falls short of achieving its aspirational goal. However the Board's decisions on simplified approval procedure, PPF, issuing requests for proposals for the pilot programmes and simplified application template and grant agreement for readiness support should help build the GCF pipeline and accelerate disbursement of GCF resources.

Simplified procedure for small-scale activities and certain activities

At the 12th meeting the co-chairs were requested to consult with Board members and present the outcomes at the 13th meeting. The Board at its 13th meeting decided that a simplified approval process for small-scale activities to apply for both micro-scale (up to \$10 million) and small-scale (up to \$50 million) funding proposals that fall under the low/no risk category⁴. Taking a decision on this agenda item has been pushed from meeting to meeting for some time and it is timely that the Board took this critical decision especially for those small countries that will be submitting micro-and small-scale projects.

Furthermore the Board decided that the simplified process would apply to proposals from all accredited entities, especially direct access entities. This means that direct access entities will be given priority while at the same time giving the option for those capacity constrained countries without nationally accredited entities to submit their small and medium scale activities through other accredited entities and be eligible for consideration under the simplified procedure.

The simplified procedure will include revising the full funding proposal template for micro-scale activities and simplifying the level of detail required in terms of feasibility studies and other supporting documentations. This decision is particularly important for LDCs and SIDS that usually face challenges of fulfilling requirements on adequate data and completing feasibility studies, which is time and resource consuming. Since the Board has decided that this simplified process will operate in accordance with GCF

⁴ Activities with minimal or no adverse environmental and/or social risks and/or impacts.

policies, it should help increasing the likelihood of not compromising the quality of projects and programmes.

In order to facilitate this simplified approval procedure and consideration of relevant proposals, the Board decided that adequate financial and staffing support would be allocated within the Secretariat.

The GCF Secretariat was then requested at the meeting to present for the Board's consideration and approval guidelines on the simplified procedures for the approval of proposals at its 14th meeting related to: proportion of GCF contribution to the total project size; level of details required for full proposal development; and addressing of project risks. In designing the guidelines on how to address project risks, the GCF Secretariat should consider how simplified approval process could include projects with medium and/or high risks as long as there is a justification on how these risks could be addressed.

The review of the simplified approval process that will be conducted after completion of the Initial Resource Mobilization process (IRM) period should be harmonized with the review of the initial approval process.

Project Preparation Facility (PPF)

The Board established the Project Preparation Facility (PPF) at its 11th meeting (decision B.11/11) and at its 12th meeting requested the GCF Secretariat to prepare guidelines for the PPF. At this meeting, the Board decided that the PPF would support project preparation requests from all accredited entities, especially direct access entities, especially in the micro-to-small category to enhance the balance and diversity of the project pipeline. For the implementation of the initial phase of the PPF an amount of \$40 million will be made available and support for each PPF request will be limited to a maximum of \$1.5 million per project and in the form of grants and repayable grants and equity may be considered for private sector projects.

The Board also decided the kind of activities that the PPF would support:

- Pre-feasibility and feasibility studies, and project design;
- Environmental, social and gender studies;
- Risk assessments;
- Identification of programme- and project-level indicators;
- Pre-contract services, including the revision of tender documents;
- Advisory services and/or other services to financially structure a proposed activity; and
- Other project preparation activities, where necessary, and with sufficient justification.

The decision outlined that the Secretariat will report at each Board meeting on the pipeline of PPF requests received, approved and under implementation and on the conversion of concept notes to funding proposals that received PPF support. Furthermore the decision stipulates that concept notes that have received support for PPF, should submit a full funding proposal within two years unless sufficient justification for an extension is provided. To ensure that the PPF will be operating effectively, the Secretariat will have sufficient resources and staff in place.

It was also decided that the implementation of the operational guidelines and the effectiveness of the PPF will be reviewed by the Independent Evaluation Unit no later than the end of the IRM period. Moreover the Board decided to review funding for the PPF at its 17th meeting or once the funds made available are fully committed.

Decisions on the simplified approval process and the PPF that both give attention to direct access entities will be assisting in building and accelerating the GCF pipeline with more projects and

programmes from direct access entities and from capacity constrained countries particularly in LDCs and SIDS. The PPF will play a complementary role to the Readiness and Preparatory Support Programme. As in the case of the simplified approval procedure, the review of the PPF will be conducted around the end of the Initial Resource Mobilization (IRM) period.

Request for Proposals

The Board had already established a pilot programme to support micro-, small-and medium sized enterprises (MSME) in developing countries with up to \$200 million, as per decision B.10/16. At the 13th meeting, the Board requested the GCF Secretariat to **issue the request for proposals** to solicit responses from accredited entities and potential accredited entities with a deadline set for **30 August 2016**. From the \$200 million, the Secretariat seeks **to allocate at least the half (\$100 million) to LDCs, SIDS and African States** over the course of the programme.

The GCF invites existing and potential accredited entities, or qualified financial institutions, to submit proposals on approaches for deploying financial solutions for MSMEs in support of mitigation and adaptation activities in developing countries. **Proposals should be in the form of concept notes.** Proposals should establish private equity, guarantee, debt or grant projects/programmes.

The Board decided to limit the first pilot programme to \$100 million and to consider funding proposals that are submitted as a response to this request as part of the wider portfolio of the GCF. By taking into account lessons learned from the first phase, the Secretariat will prepare Terms of Reference for one or more requests for proposals for the remainder of the MSME programme. The GCF Secretariat will be giving a status update on the progress of the pilot programme at the next meeting (October, 2016). Therefore accredited entities should respond to this request before the deadline (30 August 2016) to benefit from this pilot programme.

Matters related to the Interim Redress Procedures

The Governing Instrument of the GCF has mandated the Board to establish an independent redress mechanism that will report to the Board. The Board at its 13th meeting adopted an interim redress procedure for reconsideration of funding decisions. Furthermore, the Head of the Independent Redress Mechanism was requested to prepare the detailed guidelines and procedures no later than B.16.

In this decision, the Board affirmed that prior to the full operationalization of the GCF Independent Redress mechanism, grievances and complains from communities and people should be addressed by the institutional grievance mechanism of the relevant accredited entity. This is an important decision that the GCF should have in place prior to approving funding proposals.

Communications of the Fund

This is another agenda item that has been postponed from meeting to meeting though the GCF Secretariat has been requested to present a Communication Strategy for the Board's consideration based on decision B.04/14. The Board at its 13th meeting decided that the Secretariat's capacity for strategic communications and outreach shall be further developed and requested the Secretariat to present a proposal on Secretariat staffing for communications and outreach for the Board's consideration at its next meeting (October, 2016). Furthermore it decided to prioritize the development of a GCF communications strategy for presentation to the Board no later than its 17th meeting. The Board requested the co-chairs to oversee communications and outreach. It is very critical that messages that are communicated by the GCF Secretariat and Board appointed officials are clear and consistent with the GCF's objectives and adopted decisions by the Board. Therefore prioritizing development of a communication strategy should be given due attention.

Staffing of the Secretariat

At its 12th meeting, the Board decided to increase the Secretariat's regular staff from 56 to a total of 100 by end of 2016 and to 140 by end of 2017. Based on the progress report prepared by the Secretariat, as of 21 June 2016, 45 positions were filled and other applications are being processed. It is also expected that the number of staff will increase to about 80 by end of September 2016. The Board agreed that the salary scales of International Staff in the Secretariat is updated and aligned with the salary scales of the Asian Development Bank and Administrative Services Staff be aligned with the World Bank Group Korea Office in 2016. Moreover the Secretariat was requested to present additional measures to strengthen the Secretariat's capacity in consultation with the Budget Committee for the 14th meeting.

Even though there has been progress in filling some of the open positions in the Secretariat, it is very important that the Fund attracts highly qualified professionals to undertake its tasks for the Fund to become more responsive to the demands of developing countries. The Secretariat should enhance its outreach while advertising vacant posts so that professionals especially from developing countries will be aware of the openings.

Consideration of Accreditation Proposals

The GCF in its previous meetings has accredited 33 entities (13 direct access, 15 international access and 5 private sector entities). At its 13th meeting, the Board was presented with 5 more accreditation proposals of which one is from LDCs and one from SIDS. These were: *the Export-Import Bank of Korea (KEXIM)* (a national direct access entity), *the West African Development Bank based in Togo*, *the Caribbean Development Bank (CDB) based in Barbados* and *the XacBank based in Mongolia* (regional direct access entities) and *the GIZ of Germany* (an international access entity).

However, this agenda item became very contentious, as there was no agreement in accrediting the Export-Import Bank of Korea (KEXIM). Board members from developed countries were of the view that it is not appropriate to accredit Export Credit Agencies as their core mission is aimed at promoting exports in their own countries, which will not benefit the GCF or the recipient country. However members from developing countries did not agree with this argument, as there was no policy in place that could exclude the accreditation of entities such as the KEXIM. Hence the Board decided to defer the consideration of the accreditation proposals until the next meeting and requested the Accreditation Committee to present a policy document that addresses the current policy gaps in the accreditation framework, in particular matters related to the types of entities to be accredited to the GCF.

Readiness and Preparatory Support Programme

The readiness and preparatory support was launched at the 8th meeting of the Board in Barbados, October 2015 with an initial \$15 million for 2015. As indicated in the progress report by the GCF Secretariat, as of May 2016, the Secretariat has approved proposals for readiness support in 49 countries, totalling \$13 million with only \$3million disbursed as grants and technical assistance or spent in-kind. Thirty-four (34) of the 49 countries are LDCs, SIDS and African States.

The Board at its 13th meeting welcomed the simplification of the readiness support template and encouraged the GCF Secretariat to continue to expedite the approval and disbursement of readiness and preparatory support resources. The Board adopted the revised indicative list of activities that can be supported by the Readiness and Preparatory Support Programme. The Board, by acknowledging the difficulties encountered in concluding readiness grant agreements, agreed to simplify the grant agreement with a view to developing an arrangement for country programme framework agreements to

expedite disbursement. With these adopted measures in place, the Secretariat should be able to expedite the approval and disbursement of resources that in turn will contribute to the acceleration of building the GCF pipeline.

Risk and Investment Policies

The Board previously has agreed that the GCF should be a Fund that takes risks which other funds/institutions are not willing to take in order to serve its purpose as indicated in paragraph 2 of the Governing Instrument⁵. This means the Fund will need to have a high level of risk appetite with a solid risk culture and internal capability to manage and report the risk. At this meeting, the Board adopted an interim risk and investment guidelines for the public and private sector that will guide the day-to-day operations of the GCF that will expire earlier than the 16th meeting or when an updated set of risk policies and guidelines are adopted.

Public Sector- Grants- the GCF to finance up to 100% of agreed full costs and agreed incremental costs and for *Loans-* co-financing is highly recommended.

Private Sector- Grants- the GCF will limit its concessional finance and grants up to 5% of the total project cost for technical assistance and capacity building. *Loans/Equity/Grants-* the Secretariat will get an independent and reputable third party's opinion on a case-by-case-basis especially when the GCF is the largest contributor in its tranche on the risks of the investment decision.

The Board in its decision reiterated that the GCF intends to be an institution that takes risks that other institutions or funds are not willing or able to take. In order to implement this decision, the GCF Secretariat was requested to develop the necessary methodologies and internal procedures, hire a permanent Risk Manager and additional staff to enhance its risk management capacity and report to the Board on its progress at each meeting.

Deferred Agenda Items

There were a few agenda items that were not considered at this meeting and were deferred to the next meeting with some further work and actions in the interim.

Programmatic approach for funding proposals

The Board had a broad discussion on the guidelines for programmatic approach based on the paper prepared by the GCF Secretariat. However, the Board only took note of the document without adopting the guidelines. This item will be considered at the next meeting (October, 2016).

Strategy on Accreditation

The Board taking note of the work of the Accreditation Committee on the 'Strategy on Accreditation', requested the Accreditation Committee to take into consideration the feedback received at the meeting in revising the document to be presented at the next meeting (October, 2016).

Country Ownership Guidelines

The Board decided to defer this issue for the next meeting (October, 2016) and requested the Secretariat

⁵ "In the context of sustainable development, the Fund will promote the paradigm shift towards low-emission and climate-resilient development pathways by providing support to developing countries to limit or reduce their greenhouse gas emissions and to adapt to the impacts of climate change".

to prepare guidelines on country ownership and to include appropriate elements of the strategic plan into the guidelines related to country ownership.

Further development of indicators in the Performance Management Framework

The Board, having considered the document 'Further development of indicators in the performance measurement frameworks' decided to defer its consideration to its 14th meeting (October, 2016).

Date and venue of the next meeting of the Board of the Green Climate Fund

The Board affirmed the dates and venue of the 14th meeting to take place from Tuesday 18 - Thursday 20 October 2016 in Quito, Ecuador.