Climate Finance

CLIMATE ANALYTICS

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The Board of the GCF adopted the Fund's Strategic Plan

Report on decisions at the 12th Meeting of the Green Climate Fund Board

8-10 March 2016, Songdo, Republic of Korea

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Key Messages for policymakers in LDCs and SIDS

The Board adopted its Strategic Plan that will assist it in taking decisions on how to invest resources while contributing to the ultimate objective of the UNFCCC and promote the paradigm shift towards low-emission and climate- resilient development pathways. This Strategic Plan is adopted at the time that the Board has set its aspirational goal of approving projects worth $2.5 billion in 2016. The most important element of the Strategic Plan is the link with the Paris Agreement and making itself ready to support the implementation of this Agreement. It is important to note that this Strategy Plan is a living document that will be reviewed at each replenishment process.

The Fund accredited 13 entities including two large commercial banks. The Board has requested the Accreditation Panel to establish a baseline on the overall portfolio of accredited entities to assess the extent to which the accredited entities' overall portfolio beyond those funded by the GCF has shifted towards meeting the objectives of the GCF (i.e. to which the degree these portfolios have been decarbonized) after being accredited. With the risk register in place, the Fund should take cautions to avoid any risks particularly reputational risks when it comes to the accreditation process. In the preparation of the Accreditation Strategy, balance between accrediting national/regional and international entities and ensuring that also national entities are accredited in medium or large accreditation category should be taken into consideration.

The Board requested the Secretariat for its next meeting to prepare guidelines on the scope and functioning of the Project Preparation Facility (PPF) that was established at the 11th meeting. The PPF will make up to 10% of the requested funding (maximum of $1.5 million per proposal) available for the preparation of projects that is directed to small-scale activities and direct access entities. Hence, LDCs and SIDS should take this opportunity and have their National Implementing Entities (NIEs) and Regional Implementing Entities (RIEs) get accredited to access this funding to prepare ambitious and good quality project proposals.

The practice of the Secretariat presenting projects and programmes and entities to be accredited in the pipeline should be encouraged as it gives the Board an overview and more transparency. However, future reports should include more detailed information on all concept notes and project proposals that have been submitted to the Fund, including a project title, the applicant entity and a brief summary of the project activities. The Fund should actively work with entities in LDCs and SIDS to identify and develop project proposals to further develop the project pipeline which is currently focused on private sector projects submitted by international implementing entities.

The readiness and preparatory support programme is critical for capacity constrained countries such as LDCs and SIDS to be in the same pace as other developing countries. Since this programme is to build the capacities of NDAs and have NIEs/RIEs accredited, it is important that the application and approval process for readiness support is simplified to ensure timely disbursements. During the upcoming review of the allocation system, the 50% allocation for LDCs, SIDS and African States should be maintained.

The Board has invited submissions on the 'Review of the Initial Approval Process', 'Communication Strategy', and 'Further development of indicators in the performance measurement frameworks' by 10 April, 2016. LDCs and SIDS should take this opportunity and make submissions before the deadline to ensure that their inputs are incorporated in the documents.

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Overview of Key Decisions GCFB-12

The GCF Board took some major decisions at its 12th meeting. Decisions on communication strategy, performance management framework, Project Preparation Facility, were deferred to the next meeting. The main decisions taken at the meeting were:

Strategic Plan: The Board adopted the Strategic Plan for the Fund that will be a living document and be reviewed at each replenishment process. The Strategic Plan includes a strategic vision of promoting paradigm shift towards low-emission and climate- resilient development pathways and supporting the implementation of the Paris Agreement. It also includes operational priorities and action plan.

Appointment of the Executive Director: The Board established an Executive Director Selection Committee to oversee the selection process and make recommendations to the Board. The Board decided to involve an independent executive search firm to support the Committee. The new Executive Director will be selected at the next Board meeting 28-30 June 2016.

Project Preparation Facility: The Board approved the request of $1.5 million by Rwanda to prepare a proposal and requested the Secretariat to prepare guidance on the scope and functioning of the PPF for the Board's consideration at its next meeting.

Staffing of the Secretariat*:* The Board decided to increase regular staff of the Secretariat from 56 to a total of 100 by end of 2016 and to 140 by end of 2017.

Status of the Initial Resource Mobilization Process: In addition to the pledges of $10.2 billion by end of 2014, there were additional pledges up to and during COP 21. The Board decided some of these pledges to be paid until the end of 2020. The USA informed the Board that it has signed its contribution agreements for the $3 billion and has transferred the first tranche of $500 million.

Consideration of Accreditation Proposals: The Board approved the accreditation of 13 entities including 5 direct access, 6 international access and 2 private sector entities. The Board requested the Accreditation Panel to establish a baseline on the overall portfolio of accredited entities to assess the extent to which the accredited entities' overall portfolios of activities beyond those funded by the GCF have evolved in the direction of GCF's objectives after being accredited.

Readiness Programme: The Board requested the Secretariat to provide advance payments of up to $50,000 to countries or their delivery partners after signing of readiness grant agreements where, in the judgement of the Secretariat, lengthy domestic processes are required to conclude the agreement, until the Board considers a document by the Secretariat for its 13th meeting on alternative arrangements to readiness grant agreements (June, 2016). This is to identify alternative arrangements to readiness grant agreements aimed at disbursing readiness grants and to identify obstacles faced by countries.

The Board decided for countries to complete their country programmes within a one-year period instead of two years and replaced the cap on number of workshops organized and number of participants with an annual cap of $100,000 for workshops.

Initial Risk Appetite: The Board adopted the risk register that will be updated at least once a year and requested the Risk Management Committee to review probability, impact and resulting priorities before the 13th meeting of the Board (June, 2016). The Secretariat was requested to monitor and report to the Board at each meeting the amount of GCF funding approved plus the submitted amount for approval at the specific board meeting, accumulated fund disbursed by each accredited entity (AE), country and result area and any changes in priorities of the risk register.

Information Disclosure Policy of the GCF: The Board adopted the Information Disclosure Policy of the GCF to ensure the greatest transparency including the decision of webcasting live the formal Board meetings until the end of 2017. This will be reviewed and be presented for the Board's consideration no later than March 2018.

Review of the Trustee: The Board requested the Secretariat to commission an independent third party to conduct the review of the Interim Trustee with an oversight of the Risk Management Committee. The independent third party should provide a report for the Board's consideration at its 14th meeting (October, 2016).

Detailed Summary of Meeting Outcomes

Context

During the informal meeting that took place in Cape Town, South Africa from 2-4 February, 2016 the Board decided to focus on closing policy gaps at its next (12th) meeting and consider approval of project proposals at its 13th meeting. This meeting was the first formal Board meeting after Parties to the United Nations Framework Convention on Climate Change adopted the Paris Agreement in December 2015. This is an important meeting in which the Board adopted the Fund's Strategic Plan and started its work to achieve the set aspirational goal of approving proposals worth $2.5billion for 2016. The Board also adopted its Work Plan for the year, which will be updated after each meeting and considered on how to respond to the guidance that it has received from the Conference of Parties (COP) and how outstanding matters and matters that need further consultation can be considered and incorporated in the Work Plan for 2016. In order to address all these issues the Board decided to hold a fourth meeting for the year in December 2016.

The Board considered most of the agenda items with some deferred to the next meeting such as the communication strategy, strategy for accreditation, further development of the indicators of the performance management framework and the scope and functioning of the Project Preparation Facility.

2016 Work Plan of the Board

The Board adopted its work plan for the year by laying out the main objectives and deliverables for the Board and aims at structuring the work of the Board in a sequential and prioritized manner. The Board requested the co-chairs to update the work plan after each meeting. This is an important decision as it has been difficult to agree on the Board's work plan last year, which led to an argument at each meeting on the adoption of the agenda and outlining which issues to be considered at the next meeting.

Guidance from the Conference of Parties

The Financial Mechanisms of the Convention (GEF and the GCF) receive guidance from the Conference of the Parties on matters related to policies, programme priorities and eligibility criteria and will take appropriate action in response to the guidance received. The Fund submits annual report to the Conference of Parties. The co-chairs prepared a document that proposed to integrate the guidance received to the 2016 work plan. The Board in decision B12/07 decided to consider these issues listed in the table below.

Guidance from the COP (Decision 7/CP.21)	Decisions taken at GCFB12 (Decision B.12/07)
Encourages the Board of the GCF to improve complementarity and coherence with other institutions per paragraphs 33 and 34 of the governing instrument of the GCF, including by engaging with relevant bodies of the Convention, such as the Standing Committee on Finance (Paragraph 26).	Requests the Secretariat to prepare a document that ensures the complementarity and coherence with other institutions for its 13th meeting (June, 2016).

Invites the Board of the GCF, in line with paragraph 38 of the governing instrument of the GCF, to consider ways to provide support, pursuant to the modalities of the GCF, for facilitating access to environmentally sound technologies in developing country Parties, and for undertaking collaborative research and development for enabling developing country Parties to enhance their mitigation and adaptation action (Paragraph 22).	Requests the Secretariat to prepare a document that outlines ways to provide support to the existing Fund modalities, for facilitating access to environmentally sound technologies, and for undertaking collaborative research and development for enabling developing countries to enhance their mitigation and adaptation action for its 14th meeting (October, 2016).
Invites the Board of the GCF to take into account in its programmatic priorities the Cancun Adaptation Framework, in particular the principles referred to in decision 1/CP.16, paragraph 12, and the activities referred to in decision 1/CP.16, paragraph 14 (Paragraph 21).	Request the Secretariat to present a document on how the Fund may wish to support the Cancun Adaptation Framework and relevant adaptation planning articles of the Paris Agreement for its 13th meeting (June 2016).
Urges the Board of the GCF to operationalize results-based payments for activities referred to in decision 1/CP.16, paragraph 70, consistent with decision 9/CP.19, and in accordance with GCF Board decision B.08/08 (Paragraph 23).	Request the Secretariat to provide a document to allow the operationalization of results-based payments for its 14th meeting (October, 2016).
Reiterates the invitation for financial inputs from a variety of sources, public and private, including alternative sources, throughout the initial resource mobilization process (Paragraph 9).	Request the Secretariat to provide a document regarding alternative policy approaches such as joint mitigation and adaptation approaches for the integral and sustainable management of forests for its 15th meeting (December, 2016).

Strategic Plan for the Green Climate Fund

The Strategic Plan of the GCF is to assist the Fund in taking decisions on how to invest its resources while meeting its objectives. At its 11th meeting, the Board established an ad hoc group of members comprised of three developing country members and three developed country members to oversee and guide the preparation of the Strategic Plan by the Secretariat. The ad hoc group was requested to present the Strategic Plan for approval by the Board at its 12th meeting. To discuss and address the Strategic Plan, the Board had an informal meeting in February 2016, in Cape Town, South Africa. Based on the submissions and discussions at the informal meeting, the he ad-hoc group presented a draft Strategy Plan for the 12th meeting.

The document mentions the Board's Strategic Vision for the GCF to be:

- Supporting developing countries in the Implementation of the Paris Agreement by enhancing the adaptive capacity and fostering resilience and making finance flows consistent with low green house gas emissions and climate resilience development; and
- Supporting the implementation of the Paris Agreement by making developing countries INDCs the important reference point for the Fund's programming.

Operational Priorities during the IRM Period:

- GCF to scale up its investments in developing countries to promote urgent and ambitious actions enhancing climate change adaptation and mitigation in the context of sustainable development;

- Maximizing its impact by supporting projects and programmes that are scalable, replicable and employ GCF resources in the most efficient manner;
- Investing the full amount pledged for the 2015-2018 period while seeking a balance between adaptation and mitigation;
- GCF be responsive to the needs and priorities of developing countries by enhancing direct access and country programming; and
- Communicate GCF's ambition in terms of scale and impact to enhance predictability and facing access.

The Strategic Plan includes an Action Plan that lists key strategic measures that the Board intends to promote. These are:

- Prioritizing Pipeline Development against the total amount of pledges;
- Strengthening the Fund's Proactive and Strategic Approach to Programming;
- Enhancing Accessibility and Predictability;
- Maximizing the Engagement of the Private Sector; and
- Building Adequate Institutional Capabilities.

The Board endorsed the document as the GCF's initial Strategic Plan, a living document, to guide the Board in addressing policy gaps and programming the Fund's resources of the initial resource mobilization period (2015- 2018) and to invest the Fund's resources in transformational climate actions in a country driven manner.

The adoption of the Strategic Plan comes at the time that the Board has set its aspirational goal of approving projects worth $2.5 billion for 2016. The Secretariat was requested to integrate the operational priorities and action plan that are included in the Strategic Plan in the Work Plan for 2016 and beyond. The implementation of the operational priorities and action plan are to be guided by the Governing Instrument of the Fund. The Board's committees, panels and groups were requested to include the actions outlined in the Strategic Plan in their respective deliberations and work programmes, as appropriate and present these work programmes for consideration at the 13th meeting (June, 2016).

The Board has welcomed the COP21 decision that the GCF will serve the Agreement. The Strategic Plan clearly states that the GCF will support the implementation of the Paris Agreement and makes a reference to the 1.5°C temperature limit as indicated in the Paris Agreement. One of the investment criteria of the GCF is whether the projects or programmes are 2°C compatible. The GCF in revising its investment criteria will have to take the reference to 1.5°C temperature limit into consideration and amend its investment criteria accordingly.

There was a wide discussion on concerns and issues that are missing from the draft Strategic Plan. These includes: the need for a clear reference to private sector in LDCs and SIDS; how the private sector can be engaged in loss and damage beyond adaptation and mitigation; ensure that small countries in LDCs and SIDS are not disadvantaged while focusing on scale; making scalability country specific, etc. There were also some concerns about not including targets for 2017 and 2018 in the Strategic Plan as the $2.5 billion target for 2016. The Board in its decision acknowledged the priority matters that members have expressed but not included in the Strategic Plan will be considered in the course of its implementation.

The Secretariat was requested to present for the Board's consideration at its 13th meeting (June, 2016) a proposal on how the Fund could support the implementation of the Paris Agreement and related COP decisions. The Board decided to review the Strategic Plan as part of each replenishment process with a view to revise the strategic vision, update the core operational priorities and action plan as needed.

Appointment of the Executive Director

The Board took note of the Executive Director's decision not to continue for a second term which means that she will leave office in September 2016 when her first term ends. In Songdo, the Board established an ad-hoc Executive Director Selection Committee and adopted the TOR for the Committee. This Committee was requested to develop a performance framework for the Executive Director. Six members who were engaged in the performance review of the Executive Director (ED) were appointed to serve in the Committee (Cuba, Egypt and Saudi Arabia from developing countries and Canada, Switzerland and US from developed countries) to oversee the selection process and make recommendations to the Board. The Board adopted the updated TOR of the ED, the selection process and decided to involve an independent executive search firm to support the Committee and endorsed the TOR. Once an advertisement is issued the Committee will review application with the support of the independent executive search firm and will recommend at least three final candidates to the Board at its next meeting (June, 2016). The Board will then consider the Committee's recommendations and agree on one candidate and make an offer at the 13th meeting (June, 2016) or the subsequent one (October, 2016). Budget was also approved to undertake this.

Project/Programme Pipeline

The Secretariat communicated project and programme proposals that are in the pipeline as of end of February.

- 34 funding proposals and 90 concept notes which requested a total of US$6.2billion from the GCF.
- 22 projects and programmes within the pipeline have a greater than 50% probability of being presented to the Board in 2016 for a total requested GCF funding of US$1.5billion.
- From these 22 projects, a total of $1.023 billion is requested by private sector projects, while only $439 million by public projects.
- 45% of the projects are from LDCs, SIDS and African states while other developing countries accounted for 55% of the requested amount of funding.
- While 18% of these are mitigation projects, 16% adaptation and 66% cross-cutting themes.

Even though there was no decision required for this agenda item, members have expressed their concerns with regards to the imbalance between projects from private and public sectors and the need to differentiate the cross- cutting themes (55%) between adaptation and mitigation.

Review of Project Approval Process

The Board requested the Secretariat to review the initial proposal approval process for the Board's consideration at its 15th meeting (December, 2016). An invitation for submissions has been forwarded to Board and alternate members, observers, accredited entities, NDAs/Focal Points, and delivery partners by April 10, 2016.

The Secretariat in reviewing the project approval process should consider:

- Improving and simplifying the process while ensuring the Technical Assessment Panel receives high quality project proposals;
- Increasing transparency in each steps of the approval process; and
- The link with simplified approval process and the project preparation facility.

Simplified Process for the Approval of small-scale activities

This agenda item has been pushed from meeting to meeting and the co-chairs have identified it to be one of the agenda items that needs further consultation within the Board. The Board requested the co-chairs to consult the Board and present the outcomes at its 13th meeting (June, 2016) for the Board's consideration and adoption. This item is particularly important for LDCs and SIDS and while considering it at the next meeting its harmonization with the initial approval process and project preparation facility should be considered.

Project Preparation Facility (PPF)

The Board at its 11th meeting has established a Project Preparation Facility to provide funding of up to 10% of requested GCF funding with a maximum of $1.5 million for any single proposal. The approval of this funding will be based on the concept notes that include justification for the need of this funding and a review and initial assessment of the concept against the investment criteria and be presented for the Board. The Board had agreed that the PPF would be targeted to small-scale activities and direct access entities.

The Board had an extensive discussion with regard to some of the ambiguity of the PPF. The issues that need further clarity include: whether concept notes prepared for PPF should be different from those in relation to project proposals; which entities will be eligible to access the PPF (only national entities or also international entities), role of no-objection letter in relation to PPF requests and if there is a need to specify the number of PPF requests from any single entity. The Board decided to have further guidance on this issue and requested the Secretariat to present a document, taking into account on matters related to the scope and functioning of the PPF for the Board's consideration and adoption at its 13th meeting (June, 2016). This could mean that any request will only be considered once the Board has adopted the guidelines that will be prepared by the Secretariat.

A request for the PPF was submitted by the Ministry of Natural Resources of Rwanda for an amount of $1.5million in grants for the preparation of a programme "Rural Green Economy and Climate Resilient Development". The Board had a wide discussion whether to approve this without a clear guidance on the PPF or defer this decision. By acknowledging that a country that is eager to prepare a project proposal should be encouraged, the Board approved the requested amount by taking note of the assessment by the Secretariat.

Staffing of the Secretariat

The Secretariat in a document that it had prepared for the 11th meeting proposed the increase of budget and hiring more staff. However, in the last meeting, the Board decided that the restructuring of the Secretariat should be in line with the Strategic Plan of the Fund. The Board requested the Secretariat to present a revised staff structure of the Secretariat and a budget proposal for the Fund that will respond to the Strategic Plan for the GCF for the Board to consider at its 13th meeting.

At this meeting, the Board considered the revised administrative budget and staffing of the Secretariat. Noting the need to increase the number of regular staff, 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. Moreover, the Board approved an additional budget of $4 351 993 for staffing; $1 562 855 in ancillary non-staff costs; and $772 640 for the Board's administrative budget. The Board recognized the need for further guidance on some of the Secretariat's functions, inter alia, the appropriate level of due diligence for project proposals, and rationalization and streamlining of processes. The Secretariat has been challenged with inadequate number of staff for the past years and this decision will assist the Secretariat to undertake tasks timely, deliver on its requests from the Board and implement the Strategic Plan.

Status of the Initial Resource Mobilization Process

It is to be recalled that the Initial Resource Mobilization Process, that is still open and can receive contributions until the end of 2018, has resulted in total pledges of $10.2 billion by December 2014. Since the last meeting additional 5 countries (Canada, France, Portugal, Spain and Switzerland) have signed their contribution agreement for parts or all of their pledges. During the meeting the US informed members that it has signed its contribution agreement for the $3 billion that it has pledged. It is encouraging to see that the US has signed its contribution agreement as it is the major contributor to the Fund. There were 10 additional pledges to the GCF during COP21. Some of these contributions (from Spain, Iceland, Luxembourg, Paris (France) and Vietnam) are to be paid until 2020 though pledges during the initial resource mobilization process should be paid until end of 2018. The Board after having discussion on these pledges decided that payments could be paid up to end of 2020.

Consideration of Accreditation Proposals

The GCF in its previous meetings has accredited 20 entities (8 direct access, 9 international access and 3 private sector entities). At its 12th meeting, the Board was presented with proposals of 13 more entities' (5 direct access, 6 international access and 2 private sector entities) for approval of accreditation. Among these two were large commercial banks (HSBC and Crédit Agricole) with a reputation of financing fossil fuel investments. The Board approved the accreditation of all the 13 entities (that are listed in the table below) with certain conditions placed on some of these accreditations.

A group of civil societies had called for the rejection of the accreditation of the two commercial banks, which was also shared by some Board members from developing countries. In particular in relation to HSBC, the Board discussed on how to incorporate the conditions set by the Accreditation Panel. Noting HSBC's information gap linked with the implementation of their Global Standard Program, the Board requested the Accreditation Panel to review prior to the 14th meeting (October, 2016) and 16th meetings (first meeting of 2017) the progress in implementing its Global Standard including review of external material. The Accreditation Panel is requested to report to the Board whether the results will alter their recommendation for accreditation. Ultimately the Board approved the accreditation of HSBC subject to the condition that the Board has the ability to suspend its accreditation based on the results and recommendations of the Accreditation Panel's review. The Board also noted that this should not prejudice further decisions and that it is applied only in this case.

The Board should be cautious of the Fund's reputational risk when accrediting entities with bad reputation. Accredited entities will have to promote the GCF's goal of achieving a paradigm shift towards low-emission and climate-resilient development pathways in the context of sustainable development. In its decision, the Board requested the Accreditation Panel to establish a baseline on the overall portfolio of accredited entities to assess the extent to which the accredited entities' overall portfolios of activities beyond those funded by the GCF have evolved in this direction after being accredited. The establishment

of this baseline portfolio will assist the Board in holding the accredited entities especially the commercial banks accountable for their track record investments in coal and other fossil fuels. Accredited entities by shifting and decarbonizing their overall investments should assist the GCF in achieving its goal of promoting the paradigm shift towards low-emission and climate-resilient development.

Code	Entities	Access Modality	Size
APL021.	Agency for Agricultural Development of Morocco	Direct Access and National (Africa)	Small
APL022.	Ministry of Finance and Economic Development of the Federal Democratic Republic of Ethiopia (MOFED)	Direct Access and National (Africa)	Small
APL023.	National Environment Management Authority of Kenya (NEMA)	Direct Access and National (Africa)	Micro
APL024.	Development Bank of Southern Africa (DBSA) based in South Africa	Direct Access and Regional (Africa)	Large
APL025.	Crédit Agricole Corporate and Investment Bank, France	International Access	Large
APL026.	Hong Kong and Shanghai Banking Holdings plc and its subsidiaries (HSBC), UK	International Access	Large
APL027.	African Development Bank (AfDB) headquartered in Côte d'Ivoire	International Access	Large
APL028.	European Investment Bank (EIB), Luxembourg	International Access	Large
APL029.	International Finance Corporation (IFC), US	International Access	Large
APL030.	Unidad Para el Cambio Rural (Unit for Rural Change, UCAR), Argentina	Direct Access and National	Small
APL031.	International Union for Conservation of Nature (IUCN), Switzerland	International Access	Medium
APL032.	World Food Programme (WFP), Italy	International Access	Micro
APL033.	World Meteorological Organization (WMO), Switzerland	International Access	Small

Entities that were accredited at GCFB 12

For the Fund to meet its aspirational goal of approving $2.5 billion in 2016, enhancing the accreditation entities is recommended. In accrediting entities, the Board has to balance between national & regional entities and international entities. Looking at the accreditation proposals in the pipeline there are only 17 direct access entities as compared to 34 private sector and international institutions. In order to strike this balance, the readiness and preparatory support programme should be enhanced for developing countries especially in capacity constrained countries such as LDCs and SIDS to bring forward their national and regional entities for accreditation. Not only the number of accredited entities but the scale should be balanced by having more NIEs which are accredited for implementing medium and large projects as most direct access entities are accredited for small projects at the moment. It is also important that there is a system to upgrade those NIEs accredited with micro and small accreditation tier to higher ones. The Accreditation Committee needs to take these concerns into account while developing the Strategy for Accreditation that will be considered at the next meeting (June, 2016).

Country Ownership and Readiness Programme Implementation

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. A further $14 million was made available at GCFB-11

(November 2015). Countries can access up to $300,000 directly from the Fund for strengthening their National Designated Authorities/Focal Points and individual developing countries can access up to $1 million per calendar year. The allocation system of this readiness programme is favourable to particularly vulnerable countries since at least 50% of the readiness support is earmarked for LDCs, SIDS, and Africa.

As indicated in the progress report by the Secretariat, as of February 2016, the Secretariat has approved proposals for readiness support in 45 countries, totalling $11.2 million. 30 of the 45 countries are LDCs, SIDS and African States. Among these only 13 countries have signed grant agreements, while seven have completed an inception report. To date, only USD 575,295 have been disbursed in 12 countries indicating the need to accelerate the procedures for completing legal arrangements and disbursement after proposals have been approved.

The Secretariat in the report proposed ways to expedite disbursement of funds including advance payments after signing of readiness grant agreements in countries where in the judgement of the Secretariat lengthy domestic processes can be expected. Having a discussion of the lengthy national processes to conclude the agreement, the Board requested the Secretariat to provide advance payments up to a limit of $50,000 to countries or their delivery partners. This will be applied until the Board considers a document that will be prepared by the Secretariat for its 13th meeting (June, 2016) to identify alternative arrangements to readiness grant agreements aimed at disbursing readiness grants and to identify obstacles faced by countries. The Secretariat in preparing the document should make sure that the underlying challenges of accessing readiness support are clearly identified along with recommendations on how to address them. The advance payment might not be the perfect solution for the challenges that countries face. Therefore, the Secretariat should work very closely with NDAs and focal points to take lessons from their experiences, challenges and incorporate their recommendations in the document.

At its 11th meeting, the Board had requested the Secretariat to present at the 12th meeting for the Board's consideration a revised allocation system taking into account the needs and priorities of developing countries and simplification of the process to access the readiness programme. This was deferred to the 13th meeting (June, 2016) and the co-chairs are requested to undertake consultations with the Board, NDAs, focal points, accredited entities and delivery partners to present recommendations. It is important that the Secretariat in its recommendation for the revision of the allocation system takes into consideration the special needs and circumstances of LDCs, SIDS and African States and propose to maintain the existing allocation system. The Secretariat should propose ways to simplify the approval and disbursement processes so that many countries in need of readiness support would benefit.

The Secretariat in its recommendation to streamline operational procedures has proposed for countries to complete their country programmes within a one-year period instead of the two years' period as in previous decision (B.08/11), which was adopted by the Board. The Board replaced the cap on number of workshops organized and number of participants with an annual cap of $100,000 for workshops that will give flexibility to NDAs.

The Secretariat was requested to present for the 13th meeting of the Board (June, 2016) a proposal on activities to be covered by the readiness and preparatory support programme in relation to support for accredited direct access entities and country ownership guidelines. It was also requested to include updates on the regional workshops to be organized, on the development of regional hubs, on

strengthening expertise in regions to support countries, and an overview of activities being undertaken by readiness partners.

Initial Risk Appetite of the Fund

The "risk appetite" is the overall level of risk that an organization is willing to take in order to achieve its objectives. The GCF with its strategic objective to achieve the paradigm shift towards low emission and climate resilient development pathways should be willing to take higher risks as compared to other Funds.

The Board adopted a risk register that is an inventory of all risks to which an organization is exposed, the mechanisms in place to mitigate them and an assessment of their relative priority. A risk register helps to verify the existence of risk mitigation measures for each of the risks faced by the Fund and to provide a framework to define the appetite with respect to each risk subcategory. The risk register will be updated at least once a year and requested the Risk Management Committee to review probability, impact and resulting priorities before the 13th meeting of the Board (June, 2016). The Board requested the Secretariat to present an Interim Risk and Investment Guidelines with revised financial instrument parameters for the 13th meeting (June, 2016) as there was disagreement in the proposed Guidelines for this meeting. The Board requested the Risk Management Committee to prepare and present to the Board by its 15th meeting (December, 2016) an updated set of risk policies and guidelines that include internal risk ratings methodologies, which should consider a differentiation of risks between adaptation and mitigation.

The Secretariat was further requested to monitor and report to the Board at each meeting:

- the amount of GCF funding approved plus the submitted amount for approval at the specific board meeting;
- the accumulated fund disbursed by each accredited entity (AE), country and result area; and
- any changes in priorities of the risk register.

This is an important decision that will help the Board to have an oversight of the portfolio of approved projects and efficiency of the approval process, keep track of balance between adaptation and mitigation, funds disbursed by each accredited entities and see if there is a concentration of beneficiary countries.

Information Disclosure Policy of the Fund

The Board adopted the Information Disclosure Policy of the GCF to ensure the greatest transparency in all its activities through the effective dissemination of information to stakeholders and the public at large. As an important outcome of the Songdo meeting, the Board decided to have the formal Board meetings to be webcasted live until the end of 2017. The Secretariat was requested to undertake a qualitative and quantitative review of the webcasting service that includes costs, the views of those who have accessed it, and other information that would be useful to assess the service. The Board will decide the modalities for this review no later than at its 16th meeting (first meeting of 2017) and will consider the review of the webcasting service no later than March 2018.

Having the Board meetings webcasted is an important decision as stakeholders who cannot attend the meeting could follow the meetings from afar and in turn this will increase the transparency of the work of the Board. Project developers, NDAs and focal points, stakeholders and countries in general will

benefit from this. This decision should be communicated widely so that those interested can follow live the proceeding of the meeting.

Interim Trustee review and other trustee matters

The World Bank was appointed as the interim trustee with the condition that the Board will select the permanent trustee of the Green Climate Fund through an open, transparent and competitive bidding process (decision 3/CP.17). The Board has agreed that the process to appoint the permanent trustee should be concluded no later than the end of 2017 so that the permanent trustee can start its contractual agreement with the GCF no later than April 2018 (Decision B.08/22).

The same decision requested the Secretariat to consider:

- Drafting the terms of reference for the review of the Interim Trustee;
- Examining the option for the GCF to provide its own Permanent Trustee services;
- Developing a list of institutions/organizations which could potentially serve as Permanent Trustee; and
- Developing a methodology for an open, transparent and competitive bidding process to select the Permanent Trustee.

The Board, having reviewed document "Trustee arrangements, including the review of the Interim Trustee and the initiation of a process to select the Trustee of the Green Climate Fund" took note of the agreement to conduct a review of the Interim Trustee three years after the operation of the Fund as set out in the Governing Instrument. The Secretariat was requested to commission an independent third party to conduct the review of the Interim Trustee with the oversight of the Risk Management Committee. The independent third party should develop the TOR for the review and conduct the review and provide a report for the Board's consideration at its 14th meeting (October, 2016).

Deferred Agenda Items

There were a few agenda items that were not considered at this meeting which were deferred to the next meeting with some actions and invitation for submissions.

Strategy on Accreditation

The Board taking note of the report of the Accreditation Committee on its progress to develop a strategy on accreditation decided to defer its consideration for the 13th meeting (June, 2016).

Communication Strategy

The Board taking note of the document 'Communications Strategy of the Green Climate Fund' that was prepared by the Secretariat decided to defer its consideration for the 13th meeting (June, 2016).

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 for the 13th meeting (June, 2016). The Board has invited submissions from Board members and alternate members, as well as active observers, on this issue no later than 10 April 2016. The Secretariat is requested to facilitate a technical consultation on this document prior to the Board's consideration at its 13th meeting (June, 2016).

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

The Board decided the weeks and venues of the meetings including an additional (fourth) meeting to be held in 2016. The agreed dates and venues are:

- 13th meeting, Songdo, Republic of Korea, Tuesday 28 -Thursday 30 June 2016.
- 14th meeting, Quito, Ecuador, Tuesday 18 - Thursday 20 October 2016, (dates to be confirmed at the 13th meeting).
- 15th meeting, Apia, Samoa, Tuesday 13 - Thursday 15 December 2016 (dates to be confirmed at the 14th meeting).