



GREEN
CLIMATE
FUND

Summary of Board decisions necessary to guide decisions relevant to the second replenishment of the Green Climate Fund

I. Introduction

1. By decision B.31/11, the Board decided to commence the process for the Green Climate Fund's second replenishment from July 2022 and endorsed a process for collective engagement for GCF's second replenishment. As one input to the replenishment process, the Secretariat is to prepare a document summarizing decisions taken by the Board that are necessary to guide decisions relevant to the second replenishment. This document was put together to serve this purpose.
2. The document is an update to a similar paper put together in support of the first replenishment process that covered Board decisions taken up to the twenty-first meeting of the Board (B.21). This paper therefore summarizes Board decisions taken between B.22 (March 2019) and B.33 (July 2022).

II. Board decisions on financial inputs

2.1 Financial planning of the commitment authority of the Green Climate Fund for the remainder of the initial resource mobilization period

3. Having reviewed document GCF/B.21/33/Rev.01 titled "Analysis of options for the financial planning of the commitment authority of the Green Climate Fund for the remainder of the initial resource mobilization period, 2019, and 2020", the Board by decision B.21/14 took note that the GCF cumulative funding approvals as at the twenty-first meeting of the Board amount to USD 5.5 billion, and the remaining commitment authority for the initial resource mobilization period is currently projected at USD 1.7 billion. The Board noted that in view of the above, the GCF would reach the end of the initial resource mobilization period (2015–2018) with the remaining commitment authority carried over into 2019, which necessitates financial planning of the resources of the GCF for 2019 pending the conclusion of the first replenishment of the GCF.
4. Taking note of the analysis on the options for financial management of the commitment authority, the Board intended that this decision on managing commitment authority for 2019 was without prejudice to the amounts originally provisionally allocated for the requests for proposal, or to the consideration of pipeline not brought forward in the next year. The Board decided to allocate the remaining commitment authority for the initial resource mobilization period and 2019 for funding proposals as follows over the course of its meetings in 2019:
 - (i) Up to USD 600 million to fund projects submitted in response to requests for proposals and pilot programmes, including the requests for proposals on REDD-plus results-based payments, mobilizing funds at scale, micro, small and medium-sized enterprises, enhanced direct access and the simplified approval process; and
 - (ii) Remaining commitment authority, projected to be in the range of USD 0.7–0.8 billion after accounting for subparagraph (e)(i) and paragraphs (f)–(g) of decision B.21/14, to be allocated for other funding proposals;
5. The Board requested the Budget Committee to present to the Board for its consideration at its twenty-second meeting a draft decision covering a set-aside for the operating costs of the GCF (including administration of the Board, Secretariat, Trustee, and independent units) and foreign exchange commitment risk buffer for solvency risks for 2019 and 2020 as required and noted that it would consider the forward budget for the Readiness Programme at its twenty-second meeting. The Board requested the Secretariat to present funding proposals for the Board's consideration and ensure resources for the operation of the GCF in line with this decision and keep changes in the level of the commitment authority under review;

6. Also requested the Secretariat, in managing the pipeline for 2019, to bring forward funding proposals that fully align with the GCF investment criteria and continue to balance commitments and diversity among accredited entities, across regions and across the initial results areas of the GCF in accordance with prior decisions of the Board, particularly decision B.06/06 on resource allocation.

2.1.1. Mandating the development of a policy to minimize the effect of currency fluctuations on the commitment authority of the GCF

7. The Board further requested the Secretariat to develop for consideration by the Board an initial analysis of options to minimize the effects of currency fluctuations on the commitment authority of the GCF.

8. By decision B.BM-2021/03, the Board took note of the “Initial analysis of options to minimize the effects of currency fluctuations on the commitment authority of the GCF” and requested the Secretariat, under the guidance of the Budget Committee and the Risk Management Committee, to develop a policy to minimize the effect of currency fluctuations on the commitment authority and to present it for the consideration by the Board, requesting that the policy recommendations should carefully consider that the resources used for hedging should be justified by the benefits of hedging. This policy is under consideration by the Board.

2.2 Consideration of the outcomes of the first replenishment process

9. Further to B.21/18 that laid out the arrangements and initiated the first formal replenishment of the GCF, the Board by decision B.23/07 decided that the first replenishment of the GCF would secure financing for a four-year programming period from 1 January 2020 to 31 December 2023 and requested the Secretariat to incorporate the four-year replenishment period in the update to the policy for contributions for the first replenishment of the GCF.

10. By decision B.24/02, the Board welcomed the successful conclusion of the first formal replenishment process of the GCF, as mandated by Board decision B.21/18. The Board expressed its appreciation to the group of Board members and alternate members who represented the Board and the GCF and actively engaged in the replenishment process; and welcomed the pledges made by 28 contributors totalling USD 9.66 billion (SDR 6.97 billion) equivalent (as of 14 November 2019), and the credit earned due to early payment encashment, which brings the outcome of the pledging session to USD 9.78 billion (SDR 7.05 billion) equivalent.

11. The Board encouraged further pledges and contributions during the replenishment period, in accordance with decision B.21/18 and also encouraged contributing countries to confirm their pledges to the GCF in the form of fully executed contribution agreements/arrangements as soon as possible.

12. The Board approved the updated Policy for Contributions and agreed to consider the recommendations in the Replenishment Summary Report during its development of the updated Strategic Plan and other items on its workplan. Accordingly, the Board requested the Secretariat, to reflect these recommendations in its preparation of relevant documentation for Board consideration.

2.3 Initiation of the second replenishment process

13. Stressing decision B.21/18, paragraph (c), which states that the replenishments of the Fund should take into account the stated ambitions, actions and contributions of developing countries to reduce their greenhouse gas emissions by meaningful mitigation actions and to

adapt to the impacts of climate change, and that the Board will provide the replenishment process with strategic guidance; and recalling paragraph 2(e) of the “Policy for contributions to the Green Climate Fund for the first replenishment”, which states that “the GCF will initiate the next replenishment 30 months after the commencement of the replenishment period in order to allow sufficient time for the preparation and consideration of such reports and/or evaluations as may be necessary”; and decision B.32/04, by which the Board set out the details of the sequencing and consideration of strategic and programming matters for the GCF’s second replenishment, the Board by decision B.33/11, decided to commence the process for the GCF’s second replenishment from July 2022. By the same decision, the Board also decided that the period of the second replenishment will be from 1 January 2024 to 31 December 2027 and that replenishment meetings will be open to all potential contributors and to all Board members.

14. The Board endorsed a process of collective engagement for the second replenishment process, approved its budget, and requested the Secretariat to begin making arrangements to facilitate this process.

2.3.1. Policy for contributions

15. The Board requested the Trustee to provide support to the Secretariat, as part of its function to administer the GCF Trust Fund, on issues related to updating the standard provisions and template for contribution agreements and/or arrangements, and other relevant financial management issues as agreed between the Executive Director of GCF and the Trustee.

16. The Board further requested the Secretariat to prepare for consideration at the first consultation meeting of the replenishment process a document outlining areas in the policy for contributions, standard provisions, and template for contribution agreements that may be updated for the second replenishment period and decided to conclude its consideration of the updated policy for contributions no later than the thirty-sixth meeting of the Board (June 2023).

2.3.2. Contributors’ input to the update of the GCF Strategic Plan

17. The Board also invited participants to the replenishment process to provide, by the end of 2022, inputs to the Board on the updated Strategic Plan for the second replenishment period of the GCF. The replenishment process will have the opportunity, at the first consultation meeting, to provide input to the Board on strategic planning for the second replenishment, for consideration as part of the process for the updated Strategic Plan adopted by decision B.32/04. This input, if any, will be finalized before the end of 2022.

2.3.3. Outcomes of the replenishment process

18. The Board requested the Co-Chairs, in consultation with the Board and with the support of the Secretariat, to identify and appoint a suitable chairperson(s)/facilitator for the second replenishment process. The Chairperson(s)/Facilitator will report to the Board on progress in the replenishment consultation meetings.

19. The Board will be requested to consider and endorse the outcomes of the replenishment process at the thirty-seventh meeting of the Board (i.e. at the last meeting of the Board in 2023).

2.3.4. Financial planning for the first replenishment period for the GCF

20. The Board by decision B.27/07 requested the Secretariat to present a comprehensive financial plan to manage the commitment authority for the entire first replenishment programming period for consideration by the Board at its twenty-ninth meeting.

III. Board decisions on resource allocation and programming

3.1 Updates to the initial Strategic Plan for the GCF

3.1.1. Performance review of the Fund

21. By decision B.21/17, the Board recalling paragraphs 59 to 62 of the Governing Instrument for the GCF (the Governing Instrument) decided to initiate a review of the performance of the GCF, in a manner appropriate to the current stage of its operations and with a view to the GCF being a learning institution. The Board agreed to the scope of the review which would assess:

- (i) Progress made by the GCF so far in delivering on its mandate as set out in the Governing Instrument as well as in terms of its core operational priorities and actions as outlined in the initial Strategic Plan and GCF's business model, in particular, the extent to which the GCF has responded to the needs of developing countries and the level of country ownership;
- (ii) The performance of the GCF, including its funded activities and its likely effectiveness and efficiencies, as well as the disbursement levels to the funded activities; and
- (iii) The existing portfolio and pipeline, the application of financial instruments, and the expected impacts of funding decisions and other support activities, including in terms of mitigation and adaptation, on both a forward- and backward-looking basis.

22. The Board decided that the outcome of the performance review and the Board's consideration of the performance review would be shared with the replenishment process and approved a budget for the review.

3.1.2. Process to develop the updated strategic plan for GCF-1

23. By decision B.22/06, the Board taking note of submissions made by Board and alternate members on the update of the Strategic Plan and of the information presented by the Secretariat in the comprehensive report on the implementation of the initial Strategic Plan, agreed that the Strategic Plan will continue to guide the GCF as a continuously learning institution in further developing its operational modalities and performance, with a view to achieving its overarching objective to promote the paradigm shift towards low-emission and climate-resilient development pathways in the context of sustainable development, and in particular that an updated Strategic Plan will:

- (i) Reflect the mandate of the GCF as outlined in its Governing Instrument and as an operating entity of the financial mechanism of the United Nations Framework Convention on Climate Change also serving the Paris Agreement;
- (ii) Acknowledge that the GCF has reached a more mature stage of operations and be informed by lessons learned from the initial resource mobilization period; and
- (iii) Update the core operational priorities and underlying action plan with a view to continuous improvement of the accessibility, efficiency, effectiveness, impact, scale, and reach of the GCF.

24. The Board requested the Secretariat, under the guidance of the Co-Chairs, to present an update to the initial Strategic Plan for consideration by the Board at its twenty-fourth meeting, and that this took into account consultations with, submissions and views expressed by Board members; an inclusive process of engagement with GCF stakeholders, including national designated authorities/focal points, accredited entities, advisory groups, active observers and

observer organizations; and findings from the performance review of the GCF and the outcome of the Board's consideration of that review.

25. By decision B.23/06, the Board took note of the first review of the performance of the GCF by the Independent Evaluation Unit as requested in decision B.21/17 and of the findings and recommendations. By decision B.24/01, the Board took note of the Secretariat management response to the Forward-Looking Performance Review of the GCF report and decided to further consider, inter alia, the performance review and the management response within its deliberations on the Strategic Plan for the GCF 2020–2023 and other future Board agenda items, as appropriate.

26. By decision B.24/03, the Board taking note of an updated draft requested the Secretariat, under the guidance of the Co-Chairs, to continue developing the updated Strategic Plan for 2020–2023, with a view to presenting it for consideration and approval by the Board taking into account guidance from and ongoing consultations with the Board, an inclusive process of engagement with GCF stakeholders, including developing countries, accredited entities, advisory groups, active observers and observer organizations.

27. The Board decided to hold an informal meeting of the Board, open to active observers, well before the twenty-fifth meeting of the Board, with a view to present a final draft of the updated Strategic Plan for 2020–2023.

28. By decision B.27/06, the Board endorsed the updated Strategic Plan for the Green Climate Fund: 2020-2023, which is a living document, as the updated Strategic Plan to guide the Board in addressing policy gaps and programming the GCF resources of the first replenishment period between 2020 and 2023 and to invest the GCF resources in paradigm-shifting climate actions in a country-driven manner.

29. The Board requested the Secretariat, under the Co-Chairs' guidance, to update the Board's workplan for 2020-2023 to reflect the updated Strategic Plan's objectives and priorities. The Board reaffirmed that the implementation of the updated Strategic Plan will be guided by the Governing Instrument, including the objectives and guiding principles laid out therein, and noted that the updated Strategic Plan would guide the Board's deliberations on issues mandated in its four-year workplan, and to support developing countries in translating their nationally determined contributions, adaptation communications, national adaptation plans and long-term national strategies into investment strategies and project pipelines informed by the goals in the Paris Agreement, without prejudice to the outcomes of the Board deliberations.

30. The Board recalled and confirmed that GCF, as an operating entity of the Financial Mechanism of the Convention, serves the Paris Agreement. It requested committees, panels and groups of the Board to include the relevant actions outlined in the updated Strategic Plan in their respective deliberations and work programmes, as appropriate, throughout the first replenishment period.

31. The Board agreed that the resource allocation parameters for the GCF first replenishment programming period, for mitigation, adaptation and the private sector, will continue to be based on decision B.05/05. The Board further agreed that the GCF first replenishment programming period would strive to achieve greater impact for developing countries compared with the initial resource mobilization period, while strengthening country ownership and capacity to identify, design and implement projects and programmes, and in this regard agreed to the following parameters and guidelines for the allocation of resources during the GCF first replenishment period:

- (i) Maintaining the 50:50 balance of adaptation and mitigation funding over time while seeking to deliver portfolio-level mitigation and adaptation outcomes that exceed average initial resource mobilization outcomes;

- (ii) Maintaining a minimum allocation floor of fifty per cent of adaptation funding, to be provided to developing countries that are particularly vulnerable to the adverse effects of climate change, including small island developing States, least developed countries and African States, taking into account their urgent and immediate needs, while aiming to build on initial resource mobilization outcomes. The Board will aim for appropriate geographical balance;
- (iii) Supporting developing countries mitigation activities that contribute to respond to the urgency of action to hold the increase in global average temperature to well below 2°C and pursue efforts to limit it to 1.5°C;
- (iv) Significantly increase funding channelled through direct access entities relative to the initial resource mobilization;
- (v) Maximize engagement with the private sector, including micro, small and medium-sized enterprises, ensuring the allocation to the Private Sector Facility exceeds 20 per cent; and
- (vi) Significantly increase mobilized private sector finance at the portfolio level relative to the initial resource mobilization;

32. The Board reaffirmed that allocation parameters should be determined in grant equivalents and requested the Secretariat to update the allocation parameters and portfolio targets under the GCF initial investment framework to reflect GCF first replenishment allocation parameters and portfolio targets.

33. The Board agreed to aim to programme 40 per cent of available resources by the midpoint of the GCF first replenishment and 95 per cent by end 2023 and requested the Secretariat to report on progress on the updated Strategic Plan at the first Board meeting of each year from 2021. The Board encouraged the Secretariat to enhance efforts to improve speed, predictability, access, impact, quality, efficiency, effectiveness and transparency. It also encourages contributing countries to confirm their pledges to GCF in the form of fully executed contribution agreements/arrangements as soon as possible.

34. The Board decided to review the Strategic Plan ahead of each replenishment process with a view to revising the strategic vision, if and as needed, and to update the strategic objectives and priorities for the coming replenishment cycle, taking into account evolving priorities, including guidance from the Conference of the Parties, the Conference of the Parties serving as the meeting of the Parties to the Paris Agreement, and relevant reports from the Independent Evaluation Unit.

3.2 Update to the strategic plan for GCF-2

3.2.1 Launching of the second performance review

35. Pursuant to decision B.BM-2021/11, the Board recalling paragraph 59 of the Governing Instrument, which states that “there will be periodic independent evaluations of the performance of the Fund in order to provide an objective assessment of the results of the Fund, including its funded activities and its effectiveness and efficiency”; decision B.24/04 of the Board, endorsing the Board’s four-year workplan and policy cycle, noting the need to utilize the Fund’s periodic performance review as the starting point for a holistic overall policy review process in the third year of the replenishment (2023); and decision B.27/06, paragraph (p), and the role of the reports from the Independent Evaluation Unit for the update of the Strategic Plan in the next replenishment, decided to initiate the second performance review of the performance of GCF for the GCF-1 programming period, in a manner appropriate to the current stage of GCF operations, while recognizing that GCF will be a continuously learning institution guided by processes of monitoring and evaluation.

36. The Board approved the budget for the second performance review and agreed that the scope of the second performance review will be to assess:

- (i) Progress made by GCF in delivering on its mandate as set out in the Governing Instrument as well as in terms of its strategic and operational priorities and actions as outlined in the Updated Strategic Plan for 2020–2023, in particular the extent to which GCF has: responded to the needs of developing countries and the level of country ownership; the ability of GCF to catalyse public and private climate finance, including the use of financial instruments; and supported the building of institutional capacity in developing countries and accredited entities;
- (ii) Performance of GCF in promoting the paradigm shift towards low-emission and climate-resilient development pathways, including the effectiveness of the funded activities and its effectiveness and efficiency

3.2.2. Strategic plan update for GCF-2

37. By decision B.32/04, the Board recalling decision B.24/02, decision B.24/04, by which the Board endorsed the policy cycle for 2020–2023, and decision B.27/06, by which the Board adopted the updated Strategic Plan for 2020–2023, requested the Secretariat to present the findings of the Secretariat-led review of the GCF policy frameworks at the thirty-third meeting of the Board. The Board decided to conduct an open, inclusive, transparent consultation process engaging Board members and alternate Board members, national designated authorities, accredited entities, active observers, observer organizations and parties to the United Nations Framework Convention on Climate Change and the Paris Agreement, members of GCF panels and groups and other stakeholders to inform the review and update of the Strategic Plan. The Board requested the Secretariat to facilitate the open, inclusive, transparent consultation process through, inter alia: calls for submissions; engagement with national designated authorities and accredited entities on programming needs and opportunities; and producing summaries of inputs and publishing inputs on the GCF website.

38. The Board requested the Secretariat, under the guidance of the Co-Chairs, to present to the Board the review of the updated Strategic Plan and a zero draft of the updated Strategic Plan for its consideration at its thirty-fourth meeting taking into account the summary findings of the second performance review, the findings of the policy review and inputs received through the consultation process.

39. The Board decided to have an informal day at its thirty-third and thirty-fourth meetings to exchange views on the GCF strategic vision, objectives and priorities for the coming replenishment cycle, taking into account evolving priorities including guidance of the Conference of the Parties to the United Nations Framework Convention on Climate Change, the Conference of the Parties serving as the meeting of the Parties to the Paris Agreement, and relevant reports from the Independent Evaluation Unit, and to assess opportunities for GCF strategic programming in the second replenishment period; and requested the Secretariat to incorporate the views into the revised updated Strategic Plan.

40. The Board decided to conclude its consideration of the update of the GCF strategic plan no later than its thirty-sixth meeting. It confirmed that, as part of the strategic programming exercise, it will consider the evidence and findings of the second performance review, delivered in accordance with the 2022 Independent Evaluation Unit workplan.

41. The Board requested the Co-Chairs to prepare a draft decision for the consideration of the Board at its thirty-third meeting in order to launch the replenishment process, and that the process will be conducted in an open, transparent, and inclusive manner.

3.3 Readiness and preparatory support: Revised work programme and resource allocation

42. By decision B.22/11, the Board reaffirmed that the Readiness and Preparatory Support Programme (Readiness Programme) is a strategic priority for the GCF to enhance country ownership and access to the GCF. Taking note of the revision to the Readiness Programme was based on the outcome of the conclusions of the Secretariat's initial review and of the independent evaluation of the Programme, and reaffirming that readiness requests will be assessed to ensure complementarity with existing readiness activities, the Board welcomed a revised Readiness and Preparatory Support Programme Strategy for 2019–2021. The Board adopted the objectives and outcomes for Readiness Programme that are:

- (i) **Capacity Building (Indicative portfolio target: 10%):** GCF recipient countries and relevant stakeholders set up adequate systems – human, technical and institutional – that enables them to fulfil their roles and responsibilities towards the GCF and enhance their ability to achieve their objectives
- (ii) **Strategic Frameworks (Indicative portfolio target: 20%):** GCF recipient countries develop robust strategic frameworks to guide GCF investment in complementarity other climate financiers
- (iii) **National Adaptation Plans and Adaptation Planning Processes (Indicative portfolio target: 50%):** GCF recipient countries establish integrated adaptation planning and monitoring systems to enable climate resilience across sectors, as well as strengthen impact and catalyze the scale of public and private adaptation finance, based on strong climate rationale and active stakeholder engagement
- (iv) **Pipeline Development (Indicative portfolio target: 15%):** Emanating from strategic frameworks and entity work programmes, a transformational pipeline developed of quality concept notes and funding proposals, including LDCs, SIDS and African states, and direct access accredited entities
- (v) **Knowledge sharing and learning (Indicative portfolio target: 5%):** GCF recipient countries have benefited from increased levels of awareness, knowledge sharing and learning that contribute to their developing and implementing transformational projects in low-carbon and climate-resilient development pathways

43. The Board reaffirmed that countries can continue to access resources through the Readiness and Preparatory Support Programme in accordance with decision B.13/09 and decision B.13/32; and encouraged national designated authorities and delivery partners to develop multiple-year strategic readiness requests, and provided a framework for such. The Board decided the Secretariat may accept multiple-year readiness requests, allocating up to USD 3 million for three years, while committing no more than USD 1 million per country per year, which is in addition to the national adaptation plans and/or other adaptation planning processes allocation.

44. The Board requested the Secretariat to present a document for the consideration of the Board at its twenty-fifth meeting that included an assessment of the following elements:

- (i) Actions taken and progress achieved by countries to date on the implementation and outcomes of approved readiness activities with a view to reviewing the progress in the implementation of the Readiness and Preparatory Support Programme Strategy for 2019–2021 including, if and as needed, a reassessment of the per-year, per-country readiness commitments to individual developing member countries adopted by the Board pursuant to decision B.08/11, paragraph (f); and

- (ii) The impacts on the Readiness and Preparatory Support Programme, if any, of Board decisions taken on the:
 - (1) First formal replenishment of the GCF;
 - (2) Review of the accreditation framework; and
 - (3) Recommendations from the independent evaluation of the Readiness and Preparatory Support Programme;

45. Noting the estimated budget for the period 2019–2021, the Board approved an additional amount of USD 122.5 million to be made available for the execution of the Readiness Programme and requested the Secretariat to report on the implementation of the Readiness Programme Strategy 2019–2021 at the first meeting of every calendar year, including the outcomes of the monitoring framework.

46. By decision B.26/05, the Board reaffirmed that the Readiness Programme is a strategic priority for GCF to enhance country ownership and access to GCF and strengthen strategic programming during 2020–2023. Recalling, decision B.22/11, the Board reaffirmed the objectives and outcomes for the revised Readiness Programme remained for 2020–2021 and adopted a proposed work programme for 2020–2021 and approved an additional amount of USD 162.39 million for the execution of the Programme. Once again, the Board requested the Secretariat to report on the implementation of the Readiness Programme annually at the second Board meeting of each year; and to ensure full compliance with Board-approved integrity policies, standards and decisions in the Readiness Guidebook, Administrative Instruction and Standard Operating Procedures developed for the Readiness and Preparatory Support Programme, as well as other relevant enhanced Standard Operating Procedures or procedures bearing implications on the Readiness and Preparatory Support Programme.

47. By decision B.33/04, the Board again reaffirmed the decision B.22/11 objectives of the Readiness Programme remain for 2022 – 2023 and adopted the proposed work programme for this period. The Board approved an additional amount of USD 166.94 million for execution of the 2022 – 2023 work programme, with the Secretariat to continue to report on the implementation of Programme at the mid-year Board meeting of each year.

48. The Board also requested the Secretariat to undertake consultations with Board members and alternate members, national designated authorities, delivery partners and active observers on updates to the strategy for the Readiness and Preparatory Support Programme; and further requested the Secretariat, in consultation with the Co-Chairs, to present to the Board for its consideration a revised strategy for the Readiness Programme in response to countries' priorities and needs and taking into account the consultations by the thirty-fifth meeting of the Board.

3.4 Project Preparation Facility

49. By decision B.11/11, the Board established the Project Preparation Facility (PPF) to provide funding of up to 10 per cent of requested GCF funding with a maximum of USD 1.5 million per proposal. By decision B.13/21, the Board decided that PPF will support project and programme preparation requests from all accredited entities, especially direct access entities, especially for projects in the micro-to-small size category. The Board decided on the activities to be supported by the PPF and its operating modalities. The Board allocated USD 40 million for the implementation of the initial phase of the PPF, limited to a maximum amount of USD 1.5 million per PPF request.

50. By decision B.33/03, the Board decided that an amount of USD 18.0 million is to be made available for the PPF to cover anticipated commitments until the end of the first replenishment period of the GCF (i.e. 2023). The Board requested the Secretariat to consult with

Board and alternate members, national designated authorities, accredited entities and active observers with a view to presenting to the Board for its consideration no later than at the thirty-sixth meeting of the Board:

- (i) Revised operating modalities for the PPF;
- (ii) A revised list of activities that can be supported by the PPF; and
- (iii) A review of funding for the PPF.

3.5 Funding approvals

51. As GCF continues to increase access to resources for AEs, the total number of projects to be approved over GCF-1 is expected to increase at a faster rate vis-à-vis the IRM period in which 122 projects were approved. The largest volume of GCF funding for a single year was approved in 2020, the first year of GCF-1, equivalent to USD 2.1 billion for 37 funding proposals. The total number of approved projects as of 31 July 2022 was 200 and the total approved GCF funding amount was USD 10.8 billion with USD 29.4 billion of co-financing mobilized. The total funding amount including co-financing was USD 40.2 billion.

52. Details are presented in the document providing information on the financial position of the Fund.

3.6 Work programmes and administrative budgets

53. The Governing Instrument states that “the GCF will promote the paradigm shift towards low-emission and climate-resilient development pathways and make a significant and ambitious contribution to the global efforts towards attaining the goals set by the international community” “by providing support to developing countries to limit or reduce their greenhouse gas emissions and to adapt to the impacts of climate change.” The climate change goal set in the 2015 Paris Agreement is: “holding the increase in the global average temperature to well below 2°C above pre-industrial levels and pursuing efforts to limit the temperature increase to 1.5°C”. These key provisions of the Governing Instrument help guide the work of the GCF and its Secretariat.

54. To support those efforts, paragraph 23(e) of the Governing Instrument directs the Secretariat “to develop the work programme and annual administrative budget of the Secretariat and trustee and submit them for approval by the Board”. Paragraph 23 (e) of the Governing Instrument provides that the Secretariat will develop the work programme and annual administrative budget of the Secretariat and Trustee and submit them for approval by the Board.

55. Paragraph 59 of the Governing Instrument provides that there will be period independent evaluations of the Fund to provide an objective assessment of the results of the fund, to inform decision making by the Board and to disseminate lessons learnt. To this end, pursuant to paragraph 60 of the Governing Instrument, the Independent Evaluation Unit was established.

56. As part of the Fund’s accountability mechanisms, pursuant to paragraph 68 of the Governing Instrument, the Board established the Independent Integrity Unit, to work with the Secretariat and report, to investigate allegations of fraud and corruption in coordination with relevant counterpart authorities. Also, pursuant to paragraph 69 of the Governing Instrument, the Board established the Independent Redress Mechanism that reports to the Board to receive complaints related to the operation of the fund and to evaluate and make recommendations.

57. The Board recognizing that the work programme will help to guide the activities of the Secretariat, approved the work programmes and the goals and suggested policy priorities set out therein, in accordance with paragraph 23(e) of the Governing Instrument. The Board also approved administrative budget for the Green Climate Fund for 2020 – 2022 for the amount of USD 276 million. The Board also approved the work plans and budgets for the Independent Evaluation Unit, the Independent Integrity Unit and the Independent Redress Mechanism.

58. Over the period 2020 - 2022 the Board allocated a total of USD 31 million for the work programmes and budgets of the three Independent Units.

IV. Board decisions on operating modalities

4.1 Accreditation

59. The portfolio of Accredited Entities (AEs) before B.22 was as follows: the Board had accredited 75 entities including 41 Direct Access Entities (DAEs, 30 national and 11 regional, constituting 54% of AE portfolio) and 34 International Access Entities (IAEs). As of August 2022, the AE portfolio consists of 113 entities¹ including 71 DAEs (58 national and 13 regional, constituting 63% of AE portfolio) and 42 IAEs.

60. From B.22 to B.33, including B.BM-2020/05, the Board accredited 39 new entities among which 80% (31) are DAEs (28 national and 3 regional) and 20% (8) are IAEs. In the same period, the Board decided on 11 upgrades to the accreditation criteria of 10 entities, including 3 national DAEs and 7 IAEs.

61. With some entities reaching the end of their 5-year accreditation terms, the Board started re-accrediting entities at B.29. Since then, 14 entities have been re-accredited including 8 DAEs (6 national, 2 regional) and 6 IAEs, among them 3 with upgrades in accreditation scope (all IAEs).

4.1.1. Review of the accreditation framework

62. By decision B.22/16, the Board taking note of the report on the review of the accreditation framework decided to streamline the accreditation process in order to accelerate the review and consideration of entities applying for accreditation. Accordingly, the Board requested the Secretariat to implement a specific set of recommendations; and requested Accreditation Committee, with the support of the Secretariat, to consult with the Board and alternate members, accredited entities and national designated authorities and focal points on matters related to the review of the accreditation framework and present an updated accreditation framework for consideration and adoption by the Board.

63. By decision B.23/11, the Board decided that the accreditation process as originally defined in annex I to decision B.07/02 is considered complete upon the effectiveness of the accreditation master agreement in Stage III of the accreditation process, and that such date of effectiveness shall serve as the start of the accreditation term for all entities accredited to GCF. In decision 26/01, the Board decided, pursuant to decision B.24/13, paragraph (a), and on an extraordinary basis due to the COVID-19 virus pandemic, that the Secretariat may issue a one-time extension for a period of six months to the deadline for submission of a re-accreditation application, subject to a justified request from the accredited entities to GCF; and agreed that, during the extended period the accredited entity shall not be able to submit any new funding

¹ Does not include one former AE, the World Meteorological Organization (WMO), that did not seek re-accreditation to the GCF. WMO's accreditation term expired on 22 August 2021.

proposals or PPF requests to GCF for consideration; and that the accredited entity may still seek support through the Readiness and Preparatory Support Programme.

64. In decision B.07/02, paragraph (a), the Board adopted the initial guiding framework for the GCF accreditation process. The accreditation term for an AE is five years. An AE therefore needs to seek re-accreditation to GCF in order to maintain its status as an AE or its status as an AE will lapse at the end of its accreditation term. By decision B.24/13, the Board adopted the re-accreditation process applying mutatis mutandis the initial guiding framework for the GCF accreditation process adopted by decision B.07/02.

65. By decision B.31/06, the Board taking note of the findings and recommendations in the Independent Synthesis of the GCF's Accreditation Function undertaken by the Independent Evaluation Unit as well as other related Independent Evaluation Unit evaluations that covered matters related to the GCF's accreditation systems, the Secretariat's management responses, and views from the Board, adopted the updates to the accreditation framework to replace the initial guiding framework for the accreditation process adopted by the Board pursuant to decision B.07/02, paragraph (a), to become effective as from 1 April 2023

66. In line with the updates to the accreditation framework, the Board requested the Accreditation Panel with the support of the Secretariat to establish a roster of competent external consultants and/or consultancy firms and approved an additional budget of USD 700,000 under the administrative budget of the Board to be executed during the years 2022 and 2023 for the use of such external consultants and/or consultancy firms. The Board also requested the Accreditation Committee, in consultation with the Secretariat and Accreditation Panel, to update the draft working modalities of the Accreditation Panel to reflect the use of external consultants and/or consultancy firms in the context of reviews of entities with a view to presenting such working modalities to the Board for its consideration no later than at its first meeting in 2023.

67. The Board decided to launch the process to review the accreditation framework in accordance with decision B.27/06, which, inter alia, mandated the Board to present a revised accreditation framework to address matters outlined in paragraph 26 (a)(i)–(v) of annex VI to that decision. As one of the matters to be addressed pursuant to the updated Strategic Plan for the GCF 2020–2023 adopted in decision B.27/06, the Board requested the Secretariat to present an analysis of the accredited entity portfolio to identify strengths and gaps in coverage and capabilities which the Board took note of at its thirty-second meeting.

68. By decision B.31/06, the Board decided to develop a strategy on accreditation, as recommended by the Independent Evaluation Unit, that clarifies the role of accreditation in the GCF, building on the strategic approach to accreditation as outlined in the updated Strategic Plan for the GCF 2020–2023.

4.1.2. Project-specific accreditation approach

69. By decision B.23/11, the Board also agreed to the principle of the project-specific assessment approach, that combines assessments undertaken during the existing accreditation and proposal approval processes in a fit-for-purpose manner.

70. By decision B.31/06, and as part of the updated accreditation framework adopted pursuant to this decision, the Board decided to implement, on a pilot basis, a project-specific assessment approach. Consequently, under the updated accreditation framework, entities may seek accreditation through two approaches: (a) Institutional accreditation; or (b) Project-specific assessment approach (PSAA).

71. The Board requested the Secretariat and the independent Technical Advisory Panel to prioritize, during the first year of project-specific assessment approach implementation, project-specific assessment approach proposals (with respect to the Secretariat) and

accompanying funding proposals (with respect to the Secretariat and the independent Technical Advisory Panel) from (i) subnational, national and regional entities based in developing countries, particularly those from developing countries that have yet to have an approved GCF-funded activity at the time of the launch of the project-specific assessment approach; and (ii) entities responding to requests for proposal issued by GCF. After the first year, unless otherwise decided by the Board, the approach for the review of project-specific assessment approach proposals shall default to a first-come-first-complete basis. The Board approved an additional budget of USD 600,000 under the administrative budget of the Secretariat to be executed during the years 2022 and 2023, to cover the assessments of approximately 10 funding proposals submitted by entities under the project-specific assessment approach and the related legal arrangements for those project-specific assessment approach entities and related funding proposals approved by the Board.

72. The Board decided that the entities with funding proposals approved within the scope of the project-specific assessment approach shall be deemed accredited for the purposes of such approved funding proposals only. The Board also decided that the Project Preparation Facility can also support project and programme preparation requests from entities not yet accredited to GCF, in particular subnational, national and regional entities, which have submitted a complete application for the project-specific assessment approach.

73. The Board requested the Secretariat to report to the Board on an annual basis on the operationalization and implementation of the approach and decided to review the pilot framework for the project-specific assessment approach three years after its operationalization.

4.1.3. Revision of size categories

74. By decision B.31/06, the Board agreed to the revised definitions of the size categories regarding the “scale of intended activities” and that these definitions shall apply to projects and programmes approved at or after the first Board meeting in 2024. The revised scale of intended activities is as follows:

- (i) Micro (maximum total projected costs at the time of application, irrespective of the portion that is funded by GCF, of up to and including USD 10 million for an individual project or programme);
- (ii) Small (maximum total projected costs at the time of application, irrespective of the portion that is funded by GCF, of above USD 10 million and up to and including USD 50 million for an individual project or programme);
- (iii) Medium (maximum total projected costs at the time of application, irrespective of the portion that is funded by GCF, of above USD 50 million and up to and including USD 250 million for an individual project or programme); and
- (iv) Large (total projected costs at the time of application, irrespective of the portion that is funded by GCF, of above USD 250 million for an individual project or programme).

4.1.4. Prioritization of entities for accreditation

75. Similar to decisions B.14/08, paragraph (d)(i), decision B.18/04, paragraph (c), decision B.19/13, paragraph (c), decision B.21/16, paragraph (e), the and decision B.23/11, paragraph (e)), the Board by decision B.24/11 decided that future accreditation decisions by the Board should aim to bring forward accredited entities that fulfil the mandate on balance, diversity and coverage and advance the objectives of GCF and, to that end, decided to prioritize the following, not listed in order of priority: National direct access entities nominated for accreditation by national designated authorities or focal points of countries that do not have an accredited direct access national entity; Private sector entities, in particular those in developing countries,

seeking a balance of diversity of entities; entities responding to requests for proposals issued by the GCF; accredited entities seeking fulfilment of their conditions for accreditation; and accredited entities requesting upgrades in their accreditation scope. The short-term prioritizations extended up to B.25.

76. The Board requested the Secretariat, under the guidance of the Co-Chairs, to prepare the accreditation strategy in an open, inclusive and transparent manner, including engaging in consultations with the Board, accredited entities, observers and national designated authorities, for consideration by the Board. A proposal was presented to the Board at B.33 but the agenda item was not open. The matter is still under consideration by the Board.

4.2 Investment framework

4.2.1. Adoption of investment criteria indicators

77. By decision B.07/06, the Board adopted the initial investment framework of the Fund and decided to keep under review the initial investment framework and to take action as necessary in particular with respect to the criterion on needs of the recipient countries in the investment guidelines. By decision B.09/05, the Board adopted the initial activity-specific sub-criteria and indicative assessment factors.

78. By decision B.22/15, the Board adopted the investment criteria indicators. These were adopted for a pilot period of one year as set out in annex VII to this decision; took note of the actions by the Secretariat where among other the Secretariat proposed that the investment criteria indicators be reviewed when the results management framework and performance measurement framework are updated.

4.2.2. Review of financial terms and conditions

79. By decision B.33/14, the Board took note of the review of the financial terms and conditions of the GCF financial instruments led by the Investment Committee and requested the Secretariat to take up the recommendations from the review of the financial terms and conditions relating to concessionality in the context of ongoing work to develop the policy on concessionality.

80. The Board requested the Secretariat to develop a local currency financing pilot programme that addresses current barriers and risks associated with currency fluctuations at the programme/project level, including an analysis of the requirements for operationalization and impact assessment of a programme, with a view for the Investment Committee to review and make a recommendation to the Board no later than the thirty-sixth meeting of the Board. The Board further requests the Secretariat to present an approach in which GCF can more efficiently deploy its current financial instruments, with a view for the Investment Committee to review and make a recommendation to the Board for consideration no later than the thirty-sixth meeting of the Board.

81. The Board requested the Secretariat to again review the financial terms and conditions of the GCF financial instruments with a view for the Investment Committee to review and make a recommendation to the Board for consideration no later than the thirty-seventh meeting of the Board; and in the third year of every four-year policy cycle thereafter prior to commencement of the new replenishment programming period. The Board approved an additional administrative budget for the Secretariat in the amount of USD 200,000 to conduct the further reviews and analyses requested.

4.2.3. Adoption of a policy on co-financing

82. By decision B.24/14, the Board adopted the Policy on Co-financing that sets out key principles and approaches to determine and monitor public and private co-financing applicable to all GCF-funded activities. The Policy also contains provisions to support GCF in accounting for and reporting on the mobilization of private finance to maximize the impact of GCF interventions in developing countries while assisting entities and countries in understanding, defining and applying the concept of co-financing in the specific context of the mandate of GCF.

83. The Board requested the Secretariat to design and implement a capacity-building programme, as part of the Readiness Programme, to support direct access accredited entities in the implementation of the Policy on Co-financing, including its reporting and evaluation requirements, as well as to update funding proposal templates to reflect the policy.

84. The Board requested the Secretariat to report relevant financial data defined in the Policy on Co-financing no later than 2021 on the basis of 2020 data to inform relevant processes and relevant institutions collecting international development finance data, including those informing assessments by the Standing Committee on Finance and the reporting for the Biennial Reports under the United Nations Framework Convention on Climate Change, as appropriate. The Board also requested the Secretariat to continue to work on the collaboration with relevant bilateral and multilateral institutions as well as on capacity-building with a view to introduce an instrument-based methodology to report mobilized private finance.

4.2.4. Revision of the structure and operations of the independent Technical Advisory Panel

85. By decision B.25/09, the Board amended the terms of reference of the independent Technical Advisory Panel (iTAP) to increase the size of the Panel from 6 members to 10 members by the end of 2020 and requested the Secretariat to launch a call for experts to identify suitable candidates to join the panel as well as an administrative support consultant to work directly with the Chair of the Panel with due consideration to be given to the geographic and specialty coverage in the nomination of additional experts, along with the approval of additional budget to cover the additions. The Board also requested the Secretariat, in consultation with the Investment Committee and the iTAP to propose updates to the operational modalities of the panel to accommodate the increased workload.

86. By decision B.28/03, the Board adopted the updated iTAP review procedure and requested the Secretariat, in close consultation with the iTAP to develop a transparent and consistent approach to their assessment of funding proposals. The Board also requested the Secretariat, in consultation with the Budget Committee, to present to the Board a proposal on how to align the remuneration structure of the members of the iTAP with other panels of GCF and of comparable multilateral institutions, taking into consideration the impact of the provisions on conflict of interest contained in the Updated Terms of Reference of the workload of the Panel.

87. The Board further requested the Investment Committee, with the support of the Secretariat, to commission the next review of the structure of the iTAP and its effectiveness for the Board's consideration in line with the updated Strategic Plan's guidance as per decision B.27/06, paragraph (n), which will include an assessment of the following:

- (i) Projected demands on the iTAP and its associated capacity to assess funding proposals in terms of time commitment and range of technical expertise;
- (ii) Any specific gaps in the technical expertise of the iTAP that should be filled for the adequate fulfilment of their functions;
- (iii) Effectiveness of the updated process, quality of the deliverables and options to improve these; and

- (iv) With regard to the simplified approval process, a consideration of the capacity of the iTAP to efficiently review simplified approval process proposals on a rolling basis and in a timely manner, and corresponding recommendations.

4.2.5. Steps to enhance impact potential for mitigation and adaptation activities

88. By decision B.33/12, the Board taking note of document GCF/B.33/05 entitled “Steps to enhance the climate rationale of GCF-supported activities” as mandated in decision B.19/06, reaffirmed its decisions B.07/06, paragraph (a), and B.09/05, paragraph (b), adopting GCF’s initial investment framework and further developing the sub-criteria and methodology of the initial investment framework and decision B.29/01 adopting the Integrated Results Management Framework. It also reaffirmed decision B.05/05, paragraph (d), which decided that, in relation to adaptation, resources will be allocated based on the ability of a proposed activity to demonstrate its potential to adapt to the impacts of climate change in the context of promoting sustainable development and a paradigm shift and the urgent and immediate needs of vulnerable countries, in particular least developed countries, small island developing States and African States; and paragraph (e) which decided that, in relation to mitigation, resources will be allocated based on the ability of a proposed activity to demonstrate its potential to limit and reduce greenhouse gas emissions in the context of promoting a paradigm shift.

89. The Board further reaffirmed decision B.09/05, paragraph (g), requesting the Secretariat and the iTAP in the application of the assessment scale to take into account the needs of those developing countries particularly vulnerable to the adverse effects of climate change, in particular least developed countries, small island developing States and African States.

90. The Board requested the Secretariat and the iTAP take into account the principles for demonstrating the impact potential for mitigation and adaptation activities set out in the annex to the decision in order to establish a more transparent and consistent approach in their guidance to accredited entities and in their assessment of funding proposals.

91. The Board recognized the need for significant variation in information and data availability across countries and contexts and the urgent need for: (i) guiding accredited entities in presenting climate-related information needed for establishing the impact potential of funding proposals, and (ii) establishing a more transparent and consistent approach to the review of impact potential as part of the proposal assessment process, with a view to streamlining the proposal development cycle, and leading to improved review outcomes and a more rapid flow of proposals for endorsement to the Board, particularly for adaptation. The Board decided that the use of best available information and data, including from the Intergovernmental Panel on Climate Change, and from traditional, local and indigenous knowledge and practices is sufficient to form the basis for the demonstration of impact potential for GCF-supported activities, while taking into account the context of the proposal, the different capabilities of accredited entities, and country and regional circumstances.

92. The Board requested the Secretariat to provide capacity-building support to accredited entities, especially direct access entities, to enhance the demonstration of the impact potential in GCF-supported activities, and to consider their feedback for future enhancements, including by:

- (i) Providing early engagement of GCF technical experts in proposal conceptualization;
- (ii) Promoting deployment of the Readiness and Preparatory Support Programme to strengthen countries’ capacities to undertake adaptation planning and investment programming, and to help countries identify their priorities for adaptation action based on relevant data; and

- (iii) Promoting utilization of Project Preparation Facility funding to help countries convert project ideas identified in their country programmes into actionable investments.

4.2.6. **Guidance on the approach and scope for providing support to adaptation activities**

93. By decision B.31/13, the Board took note of the independent evaluation of the adaptation portfolio and approach of the GCF undertaken by the Independent Evaluation Unit, as well as the Secretariat's management response to the Evaluation. The Board agreed to urgently clarify the GCF's role in and vision for climate adaptation, inter alia, by requesting the Secretariat to update the draft paper on 'Guidance on the approach and scope for providing support to adaptation activities' for consideration by the Board at B.32, by incorporating the findings and recommendations of the evaluation and the views expressed by Board and alternate members at B.31.

94. By decision B.33/13, the Board welcomed the guidance on the GCF's vision, approach and scope for providing support to enhance climate adaptation. The Board confirmed, with regard to adaptation activities, in line with paragraph 31 of the Governing Instrument, that the Fund will provide simplified and improved access to funding, including direct access, basing its activities on a country-driven approach and will encourage the involvement of relevant stakeholders, including vulnerable groups and addressing gender aspects.

95. The Board requested the Secretariat to engage with national designated authorities and accredited entities to urgently advance a pipeline of concept notes and funding proposals that will contribute to meeting the Board's adaptation programming targets for the first replenishment period of the GCF. It also requested the Secretariat to provide and enhance technical support and guidance, and encourage and facilitate the use of the Readiness Programme and the Project Preparation Facility, as appropriate, to advance:

- (i) The development of nationally determined contributions, national adaptation plans, and other adaptation planning efforts that can help strengthen country-driven, climate risk-informed and more systemic investment planning and pipeline origination for adaptation;
- (ii) Conceptualization of country-driven programmes of adaptation investments that respond to systematically identified adaptation needs and which will help identify financing for adaptation at scale;
- (iii) Preparation of high-quality adaptation concept notes and funding proposals, which are based on best available information about climate risk, vulnerability and adaptation solutions, and respond to systematically identified areas of adaptation needs; and
- (iv) The role of the private sector in adaptation, including through strengthening the engagement of the private sector in the preparation of national climate strategies and policies.

96. The Board reaffirmed decision B.05/05, paragraph (d), which decided that in relation to adaptation, resources will be allocated based on the ability of a proposed activity to demonstrate its potential to adapt to the impacts of climate change in the context of promoting sustainable development and a paradigm shift; and decided that in order to demonstrate such potential to adapt, adaptation proposals will include an evidence-based analysis to show that the proposed activity is likely to be an effective adaptive response to the risk or impact of a specific climate change hazard, based on best available information and data including, inter alia, the Intergovernmental Panel on Climate Change, and traditional, local and indigenous knowledge and practices;

97. The Board decided to continue to strengthen the linkage between adaptation planning outputs and programming in funding proposals and requested the Secretariat to enhance its efforts to increase the efficiency and effectiveness of the project and programme cycle, in particular for adaptation projects. It also requested the Secretariat, in the context of the revised Readiness Programme and the accreditation strategy under the Board's consideration, as well as other relevant policy development processes, to identify additional actions that enhance GCF adaptation investments, including those identified in country and regional adaptation planning processes. It also requested the Secretariat to consider, as part of the accreditation strategy under the Board's consideration, the prioritization of accreditation applications from entities, particularly direct access entities and private sector entities, with a focus on adaptation projects/programmes.

98. The Board reiterated the need to enhance the private sector contribution towards developing and implementing national adaptation plans; and requested the Secretariat to further develop, for consideration by the Board as part of the update to the Strategic Plan for the GCF, proposals on updating the GCF's strategic objectives and priorities, and requests for proposals or other programming initiatives, to further the implementation of the GCF's strategic approach to adaptation programming, including options for possible adaptation programming parameters and output-based goals for adaptation.

4.3 Proposal approval process

4.3.1. Adoption of the policy on restructuring and cancellation

99. In decision B.07/03 that adopted the initial proposal process, the Board noted among others convergence on the need to consider a policy for cancellation and termination.

100. By decision B.22/14, the Board adopted the policy on restructuring and cancellation that sets out the mechanism for decision-making in respect of an approved funding proposal in situations where there has been: (i) failure to fulfil the conditions to be met prior to the execution of the funded activity agreement within the time frame established by the accreditation master agreement or the Approval Decision; (ii) a request for an extension of the time frame established by the accreditation master agreement or the Approval Decision to fulfil the conditions to be met prior to the execution of the FAA; (iii) a request for a waiver of a condition imposed in the Approval Decision; or (iv) a request for a change to an approved funding proposal or restructuring of a funded activity.

101. The Board requested the Secretariat to report back to the Board on the implementation of the policy regularly and after three years, and to inform national designated authorities and focal points of the policy.

102. By decision B.33/09, the Board requested the Secretariat to develop guidelines for accredited entities to follow when conducting consultations with national designated authorities when required by the Policy on Restructuring and Cancellation, taking into account the views expressed by Board members at the thirty-third meeting of the Board and other Board meetings on the importance of active consultations with national designated authorities.

4.3.2. Update to the simplified approval process

103. By decision B.30/02, the Board took note of the assessment of the GCF Simplified Approval Process Pilot Scheme by the Independent Evaluation Unit and of the Secretariat's management response.

104. By decision B.32/05, the Board approved the update of the simplified approval process. The objective of the simplified approval process (SAP) is to operationalize paragraph 53 of the Governing Instrument and to reduce the time and effort needed in the preparation, review,

approval and disbursement procedures of certain activities, in particular small-scale activities, that meet the SAP eligibility criteria and to contribute to the implementation of the Updated Strategic Plan for the GCF for 2020–2023.

105. The Board requested the Secretariat in close consultation with the iTAP and considering the rolling review procedure outlined in decision B.28/03, to simplify the process and reduce the information required for the review of the SAP proposals in a manner that takes into account their smaller size and minimal or no adverse environmental and/or social risks and/or impacts. The Board also requested the Secretariat to include, starting from the 2023 work programme, granular and progressively ambitious key performance indicators for the SAP (including for the post-approval stage) taking into account, among other things, the recommendations provided in the Independent Assessment of the Simplified Approval Process Pilot Scheme and the Secretariat's management response thereto.

106. The Board further requested the Secretariat to ensure the continued provision of readiness support for simplified approval process funding proposal preparation and access as part of the current readiness programme and for more comprehensive simplified approval process support to be addressed in the 2023 update to the readiness and preparatory support programme.

107. The Board confirmed that the scale of simplified approval process projects will be increased to a total GCF contribution of USD 25 million per funding proposal and that the scope of activities under the simplified approval process projects remains with no to minimal adverse environmental and/or social risks and/or impacts. The Board further confirmed that the SAP strategy will be addressed as part of the Board's 2022–2023 strategic programming activities. The Board requested the Secretariat to continue to identify areas for further simplifications within the GCF processes, to inform the review of the simplified approval process and its implementation.

4.4 Private sector facility

108. By decision B.32/06, taking note of the findings and recommendations in the Independent Evaluation of the GCF's Approach to the Private Sector undertaken and the Secretariat's management response, and the Board's consideration of these pursuant to decision B.30/11, the Board recognized that meeting the parameters and guidelines for the allocation of resources during the GCF first replenishment programming period, as agreed under decision B.27/06, paragraph (i), requires a significant increase over 2022 and 2023 in Private Sector Facility (PSF) programming overall, and in particular an increase in direct access and in adaptation programming through the PSF.

109. The Board by decision B.32/06 adopted the private sector strategy which builds on the updated Strategic Plan for the GCF 2020–2023 and its strategic priority of catalysing private sector finance at scale. The Board requested the Secretariat to engage with national designated authorities and accredited entities to urgently promote the participation of private sector actors in developing countries, including small and medium-sized enterprises and local financial intermediaries, and to enable private sector involvement in least developed countries and small island developing States;

110. Taking note of the proposed non-exhaustive list of priority areas for GCF private sector programming including: (i) Submission by direct access entities; (ii) Focus on adaptation; (iii) Engagement of local private sector actors, including micro, small and medium-sized enterprises; (iv) Support for climate technology incubators and accelerators in developing countries; (v) Utilization of the diverse financial instruments of GCF, including exploring options to facilitate increased access to equity, guarantees and insurance products, and design and deployment of other innovative instruments; and (vi) Demonstration of significant potential to catalyse private

sector finance at scale, the Board reconfirmed GCF's overall risk appetite statement that in order to realize significant impact and promote paradigm shift to meet the Fund's strategic objectives, the Fund is willing to accept considerable uncertainties around investment risks in return for impact potential, which in the context of the private sector strategy means the Fund will promote enhanced support to the domestic private sector in developing countries, including through direct access entities, by providing early-stage financing to new, pre-commercially viable technologies or business models and climate initiatives, and deploy first-loss anchor investments as well as support financial innovations to catalyse investments in adaptation and mitigation projects.

111. The Board requested the Secretariat to encourage and facilitate the use of the Readiness a Programme and Project Preparation Facility to support country-driven private sector engagement, through the national designated authorities, enhancing the role of the private sector in implementing nationally determined contributions, national adaptation plans and long-term climate strategies, and to accelerate the development of the private sector pipeline.

112. The Board also welcomed the private sector outreach plan, noting that this is a living document that will be operationalized to promote the implementation of the private sector strategy in conjunction with delivery of the Secretariat's annual work programmes. It took note that the Secretariat, in implementing the private sector outreach plan, will engage with leading experts in and representatives of the private sector on a period and structured basis to advise the PSF on global trends and opportunities for GCF in catalysing private sector financial flows for mitigation and adaptation in developing countries, and on enhancing GCF private sector engagement and programming.

113. The Board requested the Secretariat to report to the Board at its thirty-fourth meeting on the operationalization and implementation of the strategy, including a set of actions and accompanying timetable, and annually thereafter on progress in implementing the strategy and outreach plan.

4.5 Results management framework

4.5.1 Integration and update to the results management framework

114. Following consideration of the "Results management framework: Independent Evaluation Unit recommendations to improve the Results Management Framework", the Board by decision B.22/12 and B.22/13 took note of findings and recommendations by the IEU and the Secretariat management response. The Board requested the Secretariat to present for the Board's consideration a revised results management framework and updated performance management frameworks from those adopted by decisions B.07/04 and B.08/07, respectively, that integrate relevant Board decisions, policies and frameworks related to results management across the GCF process cycles, to the extent possible, including developing measurement, reporting and verification systems/methodologies for indicators in consultation with the relevant experts and thematic bodies, as mentioned in the summary and narrative recommendations of the Independent Evaluation Unit. The Board further requested the Secretariat to ensure that accredited entities should adequately budget costs related to data collection and baseline assessment as part of project costs to establish credibility of results reporting.

115. The Board by decision B.29/01 approved the integrated results management framework (IRMF), including the proposed core and supplementary indicators and approach, while noting explicitly that these replace the IRMF set out in decision B.07/04 and mitigation and adaptation performance measurement frameworks set out in decision B.08/07.

116. The Board confirmed that the new IRMF indicators do not replace the eight GCF results areas, nor are they to be used in deciding the eligibility of projects and/or programmes

submitted to GCF. The Board reaffirmed that the resource allocation parameters agreed in the Updated Strategic Plan for the Green Climate Fund: 2020–2023 remain unchanged. The Board also confirmed that ex post results to be collected via the implementation of the IRMF will not be used differently from the current results management and performance measurement frameworks for ex ante assessment of funding proposals by the Secretariat, the iTAP and the Board.

117. The Board requested the Secretariat to develop and present to the Board for approval an accompanying results handbook, taking into account feedback received from accredited entities, national designated authorities and focal points, and other GCF stakeholders, on the application of the IRMF. It also requested the Secretariat to implement capacity-building initiatives on results management, measurement and reporting systems for accredited entities and other relevant stakeholders to enable effective implementation of the IRMF.

118. The Board decides to allocate an additional amount of up to USD 12.4 million under the Readiness and Preparatory Support Programme as a new dedicated support component to be provided directly to direct access entities, including regional direct access entities, to support the implementation of the integrated results management framework. The Board requested the Secretariat to operationalize this funding window to allow direct access entities to request such funds directly and noted that in allocating the additional amount to direct access entities, consideration could be given to the different capacity gaps of direct access entities as well as to country context and specificities, including for the least developed countries, Small Island Developing States and African States. The Board decided that readiness commitments through the dedicated funding window are not included in and do not form part of the existing USD 1 million cap per country per year under the Readiness Programme and are not subject to clearance by direct access entities. The Board requested the Secretariat to inform national designated authorities of support rendered to direct access entities within their national mandate.

119. The Board also requested the Secretariat to track results as part of its annual reporting under the Updated Strategic Plan for the Green Climate Fund: 2020–2023, using the results tracking tool aligned with the integrated results management framework; and further requested the Secretariat to review the IRMF on an ongoing basis, in consultation with accredited entities, national designated authorities and focal points, and other relevant stakeholders, and, if action by the Board is required as a result of the review, to present recommendations to the Board for its consideration and approval.

4.5.2. Addressing gaps in the portfolio for measurement

120. Following consideration of the IEU report, the Board by decision B.22/13 also requested the Secretariat to develop, for the Board's consideration at its a proposal to respond to gaps in the current portfolio for measurement and evaluation design and/or evidence generation, including delivery modalities and a proposed budgetary estimate.

121. By decision B.28/02 (and decision B.33/05), the Board reiterated the commitment of GCF as a learning organization to iteratively improve the integration of sufficient monitoring and evaluation budget and activities for the gathering of evidence in funding proposals and funded activities to ensure the credibility of the portfolio and project/programme results reported. Recognizing that participation and implementation of remediation measures by accredited entities is voluntary, the Board requested the Secretariat to target remediation efforts covering all gaps in project/programme monitoring and evaluation or the relevant performance management frameworks' indicator risk assessment, where the ratings are assessed by the Secretariat as moderate, elevated or high.

122. By decision B.33/05, the Board, noted that through a voluntary arrangement, 13 accredited entities agreed to proceed to Phase 2 to implement remedial measures for 21 funded

activities. The Board approved the Secretariat proposal to offer two tracks to the participating accredited entities for Phase 2 of the remediation activities: where either AEs directly receive the budget and implement the remediation measures; or the AEs do not access the budget directly and implement the remediation measures through the Secretariat.

123. The Board also approved the proposal for the Secretariat to deliver the capacity-building activities requested by the accredited entities using in-person workshops and a Monitoring and evaluation help desk and approved USD 1,832,398 to be executed during the years 2022 and 2023 for the remediation and capacity building activities. The Board requested the Secretariat to update the Board on the changes in the risk rating of the portfolio for measurement at the end of the implementation of remediation activities.

4.6 Risk management framework

4.6.1. Completion of the risk management framework

124. By decision B.23/15, the Board adopted the Fund's compliance risk policy, thereby completing the risk management framework for the GCF with the approval of this eighth and final component of the framework.

125. The policy governs compliance risk management for GCF with the view to uphold and commit to achieving the highest standards of integrity, ethics and transparency in the conduct and governance of all its activities as expected of an international organization, and to minimize reputational risks that GCF may encounter, and provides guidance regarding the roles and responsibilities across major activities for the compliance risks relevant to the GCF.

4.6.2. Determination of substantiveness of deviations from the template accreditation master agreement

126. By decision B.12/31, the Board considered the template Accreditation Master Agreement (AMA) as set out in the annex to the decision as adequate for completing stage III of the accreditation process. It however acknowledged that substantive changes from the template AMA may be necessary on a case-by-case basis as a consequence of negotiations with accredited entities, which will each have unique circumstances and requirements that may need to be taken into account. The AMA template should be considered flexible enough to ensure executed AMAs are fit for purpose.

127. The Board in paragraph (d) to the decision requested the Executive Director to regard the template AMA as the basis for negotiations with accredited entities. The Executive Director would determine, in consultation with the risk and legal teams, and the Risk Management Committee, whether or not a change is considered substantive on a case-by-case basis and would require Board approval.

128. By decision B.33/02, the Board amended decision B.12/31, paragraph (d), such that as from the date of the decision, the Executive Director, in consultation with the relevant Secretariat divisions, offices and units, will determine on a case-by-case basis, whether a change to the accreditation master agreement template as approved by the Board, proposed by an accredited entity and acceptable to the Secretariat, is considered substantive, and would therefore require Board approval. The Board decided that all express or implicit references to decision B.12/31, paragraph (d), in decision B.13/29 and any other relevant Board decisions, shall be deemed to be references to paragraph (a) of this newly adopted decision.

4.6.3. Minimizing the effect of currency fluctuations

129. By decision B.22/21, the Board having considered document GCF/B.22/15/Rev.01 titled “Review of the amounts to be set aside for the operating costs of the Green Climate Fund and the foreign exchange commitment risk buffer for solvency risks decided to set aside an initial amount of USD 100 million towards the risk buffer. The Board requested the Budget Committee to review the risk buffer requirement and update the Board on the adequacy of the amount.

130. By decisions B.24/05, the Board set aside an additional USD 70 million towards the risk buffer. By decision B.33/02, the Board again set aside an additional amount of USD 150 million towards the risk buffer, thereby bringing the total risk buffer to USD 320 million. The Board requested the Secretariat to manage the foreign exchange commitment risk buffer and make periodic adjustments to the buffer amount with a view to meeting the target level for the foreign exchange commitment risk buffer, as set out in the Funding Risk Policy adopted pursuant to decision B.19/04, over time and agreed to amend the Funding Risk Policy accordingly.

131. The Board also requested the Secretariat, following consultation with the Budget Committee, to present a policy to minimize the effect of currency fluctuations on the commitment authority of the GCF for the Board’s consideration at its thirty-fourth meeting.

4.7 Integrity policies

4.7.1. Update to the policy on prohibited practices

132. By decision B.22/19, the Board adopted the Policy on Prohibited Practices to replace the Interim Policy on Prohibited Practices adopted by the Board pursuant to decision B.12/31. The purpose of the policy is to establish the specific conduct and activities which are prohibited by the GCF, the obligations of Covered Individuals and Counterparties to uphold the highest standards of integrity and to refrain from Prohibited Practices, and the actions which the GCF may take when prohibited practices are alleged to have occurred in Fund-related Activities.

133. The Board requested the Ethics and Audit Committee of the Board to address issues that may arise in the implementation of the policy. The decision also requested the Board to update the Policy on the Prohibited Practices upon adoption of the Policy on ethics and conflicts of interest for active observers.

134. The Board further requested the Independent Integrity Unit, in consultation with the Secretariat, to develop policies on administrative sanctions and exclusions for consideration by the Board.

4.7.2. Standards for the implementation of the Anti-Money Laundering and Countering the Financing of Terrorism Policy

135. By decision B.23/15, the Board adopted the Standards for the Implementation of the Anti-Money Laundering and Countering the Financing of Terrorism Policy. The Standards were developed to implement the Anti-Money Laundering and Countering the Financing of Terrorism Policy adopted pursuant to decision B.18/10. set the minimum and mandatory benchmarks to prevent, detect, and investigate money laundering and financing of terrorism, and to control and manage related risks.

136. The Board reiterated its request for the Accreditation Committee, in consultation with the Head of the Independent Integrity Unit, to consider the best way to integrate the Anti-Money Laundering and Countering the Financing of Terrorism Policy in the interim fiduciary standards and present to the Board a proposal for its consideration.

137. The Board requested the Secretariat and the Independent Integrity Unit to develop standard operating procedures, subject to the approval of the Ethics and Audit Committee, to operationalize these Standards for the Implementation of the Anti-Money Laundering and

Countering the Financing of Terrorism Policy and the Anti-Money Laundering and Countering the Financing of Terrorism Policy.

138. The Board also requested the Secretariat to implement the GCF Anti-Money Laundering and Countering the Financing of Terrorism Policy, the Standards for the Implementation of the Anti-Money Laundering and Countering the Financing of Terrorism Policy, the Policy on Prohibited Practices and other integrity-related matters in a coherent manner while fully respecting the scope and provisions of the respective policies, and further requests the Secretariat to amend the accreditation master agreement template, as approved by the Board in decision B.12/31, to ensure consistency with the scope of the Anti-Money Laundering and Countering the Financing of Terrorism Policy.

4.7.3. **Policy on the protection from sexual exploitation, sexual abuse, and sexual harassment**

139. The Board by decision B.22/18 adopted an Interim Policy and by decision B.23/16 adopted the Policy on the Prevention and Protection from Sexual Exploitation, Sexual Abuse, and Sexual Harassment. The Policy established GCF's zero tolerance of Sexual Exploitation, Sexual Abuse, and Sexual Harassment (SEAH), and sets clear obligations for the GCF and its Covered Individuals to prevent and respond to SEAH and to refrain from condoning, encouraging, participating in, or engaging in SEAH.

140. The Board requested the Accreditation Committee, in consultation with the Head of the Independent Integrity Unit, to consider the best ways to update and amend, as appropriate, the requirements placed on accredited entities in the relevant standards, safeguards and policies of the GCF so as to integrate the obligations set out in this Policy, including, but not limited to, the: (i) the Initial basic fiduciary standards, pursuant to decision B.07/02; (ii) the Environmental and social safeguards, adopted pursuant to decision B.07/02 and B.19/10, paragraph (c), as relevant; and the Gender Policy and Gender Action Plan pursuant to decision B.09/11; and present to the Board for its consideration such updates and amendments. The Board also requested the Secretariat, in consultation with the Head of the Independent Integrity Unit, to establish rules and procedures, as appropriate, in accordance with, and for the purpose of implementing, the Policy and to assess the cost implications of the implementation of this Policy and submit to the Budget Committee a budget request for its consideration as required.

141. By decision B.25/05, the Board reiterating the commitment of the GCF to the highest standards of integrity, including its zero tolerance for sexual exploitation, sexual abuse and sexual harassment, decided that the provisions of the Policy on the Prevention and Protection from Sexual Exploitation, Sexual Abuse, and Sexual Harassment relating to third parties are to be reviewed and revised and, pending the outcome of such review and revision, are inoperative, noting that otherwise, the policy was still in effect. The Board requested the Secretariat to present to the Board the proposed revisions of the Policy on SEAH in line with best practices among international financial institutions and the business model of the GCF. The Board further requested the Secretariat to present to the Board for its consideration, no earlier than the consideration of the proposed revisions to the Policy on the Prevention and amendments to the relevant standards, safeguards and policies of the GCF, to address the requirements placed on accredited entities to integrate the obligations set out in the Policy on the Prevention and Protection from SEAH.

142. By decisions B.BM/2021/08 and B.BM/2021/18, the Board reiterated the commitment of GCF to the highest standards of integrity, including its zero tolerance for SEAH. Taking note of the technical assessment of the Policy on the Prevention and Protection from SEAH and the comparative analysis of the SEAH safeguarding practices of international financial institutions contained therein, the Board by decision B.BM/2021/08 adopted the Revised Policy on the Prevention and Protection from SEAH to replace the Policy on the Prevention and Protection from SEAH adopted by the Board pursuant to decision B.23/16 and decision B.25/05. The

Board took note that the Secretariat was undertaking a public consultation process on the proposed revisions to the Environmental and Social Policy earlier adopted by the Board pursuant to decision B.19/10 and requested the Secretariat to present for the Board's consideration, the proposed revisions to the Environmental and Social Policy in respect of SEAH.

143. By decision B.BM/2021/18, the Board adopted the revised Environmental and Social Policy as set out in annex I to this document to replace the Environmental and Social Policy adopted by the Board pursuant to decision B.19/10 with respect to projects and programmes approved at or after the thirty-second meeting of the Board. The Board requested the Secretariat to develop a SEAH Action Plan as described in the revised Environmental and Social Policy adopted by this decision and approved the budget for the implementation of the revised Environmental and Social Policy.

4.7.4. Adoption of investigation standards

144. Pursuant to paragraph 68 of the Fund's Governing Instrument, the Board established the Independent Integrity Unit ("the IIU") to cooperate and coordinate with the Secretariat and report to the Board, to investigate allegations of fraud and corruption and other prohibited practices in line with international best practices and in coordination with relevant counterpart authorities. 2. Paragraph 15 (c) of the Terms of Reference of the Independent Integrity Unit¹ authorizes the IIU to adopt appropriate procedures to determine whether an integrity violation has occurred, gather sufficient related evidence, attempt to identify the integrity violators and establish the extent of the integrity violation as well as the techniques used.

145. By decision B.BM-2021/22, the Board approved the Investigation Standards. The Board requested the IIU, in consultation with the Secretariat, given the specific considerations that are applicable to administrative investigations into alleged violations of the SEAH Policy, to develop for the EAC's consideration and approval, separate procedures governing the conduct of interviews with relevant witnesses. It also requested the Secretariat, in consultation with the Board, to establish an appropriate mechanism or procedure for addressing reports of suspected Wrongdoing concerning staff members, consultants or interns of the IIU, or their immediate family members, as stipulated in paragraph 27 of the Policy on Prohibited Practices. The Board authorized the EAC to address issues that may arise in the implementation of the Investigation Standards and to refer matters it deems appropriate for the consideration of the Board.

4.7.5. Adoption of the Administrative Remedies and Exclusion Policy

146. The Board pursuant to decision B.BM-2021/09 approved the Administrative Remedies and Exclusion Policy. This Policy is intended to protect the interests, resources, and reputation of the GCF while affirming the fiduciary duties of counterparties doing business with the Fund.

147. The Board requested the Head of the Independent Integrity Unit, in consultation with the Secretariat and under the supervision of the Ethics and Audit Committee, to develop: (i) The Administrative Remedies and Exclusion Procedures; (ii) The Administrative Remedies and Exclusion Guidelines for the implementation of this policy; (iii) The Integrity Compliance Guidelines; and (iv) The Settlement Guidelines. The Board requested authorized the Ethics and Audit Committee of the Board to address issues that may arise in the implementation of this Policy and to refer matters it deems appropriate for the consideration of the Board.

4.8 Environmental and social safeguards

4.8.1. Update to the Gender policy

148. By decision B.23/09, the Board taking note of the oral report made by two Board members entrusted by the Co-Chairs with facilitating the discussions on the updated Gender Policy, welcomed progress made in the consultations on the document and requested the Secretariat to present an assessment of implementation considerations, including direct costs and benefits associated with the implementation of the Gender Policy, as well as an assessment of the capacity within the Secretariat, direct access entities and other accredited entities, and national designated authorities/focal points to implement such Policy; The Board also requested the Secretariat to present for consideration of the Board a revised updated Gender Policy and an updated Gender Action Plan, building on the progress made in the consultations on the draft document so far and the assessment of the Secretariat on the implementation considerations.

149. By decision B.24/12, the Board took note of the Secretariat's report of the survey findings on the direct costs and benefits associated with the implementation of the policy and acknowledges the progress made in the implementation of the Gender Policy and Gender Action Plan, as well as the gender action plan of the UNFCCC and related matters regarding gender-sensitive and gender-responsive climate policy. The Board requested the Secretariat, in its annual reports to the Board, to provide a GCF-focused implementation perspective related to gender-responsive climate policy.

150. The Board adopted an updated Gender Policy of the GCF, acknowledging the progress made in advancing gender balance and gender equality within the context of climate change policies and in line with individual country circumstances when applying said policy. It also adopted a Gender Action Plan of the GCF 2020–2023 and requested the Secretariat the plan and the associated gender indicators.

151. The Board confirmed that, in order to support capacity-building to access GCF resources: National designated authorities and focal points may request readiness and preparatory support from GCF to develop and/or strengthen their capacities, policies, procedures and competencies to meet the requirements of the updated Gender Policy of the GCF and the Gender Action Plan of the GCF 2020–2023; and that Direct access entities may request support from the Project Preparation Facility to support the project-level requirements of the updated Gender Policy of the GCF and Gender Action Plan 2020–2023.

V. Board decisions on governance and institutional arrangements

5.1 Reporting to the UNFCCC Conference of Parties

152. Consistent with Article 11 of the United Framework Convention on Climate Change (UNFCCC), and as provided by the paragraph 6 of the Governing Instrument, arrangements concluded between the Conference of Parties to the UNFCCC (COP) and the GCF ensure that the Fund is accountable to and functions under the guidance of the COP. To ensure accountability to the COP, the Board: (i) receives guidance from the COP, including on matters related to policies programme priorities, eligibility criteria and related matter; (ii) takes appropriate action in response to guidance received; and (iii) submits annual reports to the COP for its consideration and to receive further guidance.

153. By decisions B.23/04, the Board approved the transmission of the Eight report of the GCF to the UNFCCC COP. By decision B.33/17 and B.BM-2021/05, the Board approved the transmission of the ninth report of the GCF to the COP.

154. Through decision B.22/02, the Board responded to guidance from the COP during its twenty-fourth session. By decision B.25/07, the Board responded to guidance received from the COP during its twenty-fifth including by taking note of the actions to be undertaken by the Board and the Secretariat in 2020 in response to the guidance. By decision B.32/08, the Board

responded to guidance received from the twenty-sixth session of the COP, mandating corresponding actions by the Co-Chairs and Secretariat.

5.2 Board procedures for decision-making

5.2.1. Decision-making in the absence of consensus

155. Paragraph 14 of the Governing Instrument provides that decisions of the Board will be taken by consensus. The paragraph also provides that the Board will develop procedures for adopting decisions in the event that all efforts at reaching consensus have been exhausted.

156. The Board by decision B.23/03 adopted the procedures for adopting decisions in the event that all efforts at reaching consensus have been exhausted, contained in annex I to decision B.23/03. The Board confirmed that the procedures for adopting decisions in the event that all efforts at reaching consensus have been exhausted shall only be used as a last resort and requested the Co-Chairs to continue to enhance the effectiveness of pre-Board meeting consultations in an open, inclusive, consultative and transparent matter.

157. Subsequently, by decision B.32/10, the Board adopted procedures to apply in the event that at least one Board member expresses the view that they are unable to join the consensus regarding the outcome of the procedure for confidential balloting (“Balloting Procedure”) set out in section VI of the Procedures for adopting decisions in the event that all efforts at reaching consensus have been exhausted adopted pursuant to decision B.23/03. The Board requested the Co-Chairs to update to reflect the additional provision, thus completing the procedures for adopting decisions in the event that all efforts at reaching consensus have been exhausted.

5.2.2. Decision-making without a Board meeting

158. The Board Rules of Procedure in paragraph 41 provides that decisions without a Board meeting may occur on an extraordinary basis when in the judgment of both Co-Chairs, a decision must be taken by the Board that should not be postponed to the next Board meeting. Paragraph 42 of the Rules of Procedure states: “the Board will adopt guidelines to determine in which cases decisions without a Board meeting may be requested

159. By decision B.32/11, the Board adopted the guidelines to determine in which cases decisions without a Board meeting may be requested. The Board also adopted guidance in respect of the implementation of paragraph 43 of the Rules of Procedure of the Board and in respect of other related matters with a view to clarify, and enhance transparency of, the decision-making process in-between Board meeting

5.3 Board Committees

160. As it established its various committees, the Board provided in their terms of reference for their review typically three years following their establishment, to evaluate their usefulness and continued necessity.

161. By decision B.20/05, the Board adopts the terms of reference for the review of the effectiveness of the committees, panels and group established by the Board. By decision B.25/03, the Board took note of the final report of the review of the effectiveness of committees and group established by the Board. The Board requested the Co-Chairs to consult Board and alternate members, as well as the various committees, with a view to concluding the review of committees, panels and groups. The Board also requested the Co-Chairs to present updated general guidelines for committees and panels for consideration at the twenty-sixth meeting of the Board.

162. The Board by decision B.32/09, the Board adopted the General guidelines for the operation of Board committees and amended the terms of reference of standing committees of the Board to reflect these guidelines. The review of committees, panels and groups, mandated pursuant to decision B.25/03 is still under Board consideration.

5.4 Adoption of four-year Board workplan and policy cycle

163. By decision B.24/04, the Board endorsed *the policy cycle for 2020–2023*. Under the policy cycle:

- (i) **Year 1 (2020)** would be dedicated to closing policy gaps and completing and/or re-aligning existing mandates and any policy updates needed for programming in the new replenishment period;
- (ii) **Year 2 (2021)** would allow for ongoing policy implementation and learning;
- (iii) **Year 3 (2022)** would examine the performance, coherence and impact of GCF policies both through the Forward-Looking Performance Review of the GCF and an “overall policy review” based on the Secretariat’s experience working with partners on policy implementation. Building on the findings of the Forward-Looking Performance Review of the GCF, this review would more precisely identify any policy updates needed, to feed into the Board’s strategic planning; and
- (iv) **Year 4+ (2023–2024)** would conclude the replenishment process and strategic planning for the next programming period, identifying priority policy updates. The Board could then start to consider and execute policy updates, with a view to having updated policies ready in time for or soon after the start of the new programming period.

164. The Board adopted the workplan of Board for 2020–2023. The Board workplan was aligned to the policy cycle and its adoption moved made the shift from annual Board work plans to longer term planning. The Board decided that, notwithstanding anything to the contrary in any previous Board decisions or their annexes, any pending Board mandates or reviews of policies, guidelines, frameworks or other similar documents adopted by the Board shall, unless otherwise specified in this decision, be considered by the Board in accordance with the workplan of the Board for 2020–2023. By the same decision, the Board decided to consider several matters in the Board workplan under the Strategic Plan for 2020–2023, thereby streamlining matters with the strategic planning process.

165. The Board requested the Secretariat to report annually to the Board as part of the report on the activities of the Secretariat on the lessons learned in implementing the policy cycle. The Board requested the Co-Chairs to update the Board workplan upon adoption of the Strategic Plan for 2020–2023 and at the first Board meeting of each year. The Board requested the Secretariat and independent units to commence policy reviews to enable Board consideration of the matters as scheduled in the workplan.

5.5 Observer participation

166. The Governing Instrument specifies that the Board will invite two civil society representatives and two private sector representatives, to participate in its meetings as Active Observers. The Board by decision B.23/08 adopted the Policy on Ethics and Conflicts of Interest for Active Observers of the Green Climate Fund and amended the Funds’ Prohibited Practices Policy to also cover Active Observers.

167. This Policy on Ethics and Conflicts of Interest for Active Observers of the Green Climate Fund sets out principles and ethical standards for the effective participation of the Active Observers in the meetings of the Board of the Fund.

5.6 Secretariat capacity

168. Following the review of the capabilities of the GCF to deliver increased programming and implementation over 2020–2023 in line with the updated Strategic Plan, the Board recalling that successful delivery of the GCF strategic vision, objectives and priorities for 2020–2023 is critically dependent on GCF taking steps to evolve its operating modalities and institutional capacity to successfully execute its programming strategy, the Board by decision B.30/06 urged the Secretariat to enhance efforts to improve speed, predictability, access, impact, quality, efficiency, effectiveness and transparency, including through implementation of the further business process improvements identified.

169. The Board agreed to and adopted agreed to and adopted the proposed Secretariat headcount of full-time equivalent staff of 300 positions for 2022 and 350 positions for 2023, taking note that the build-up of staff headcount will be implemented on a phased basis over 2022, 2023 and 2024, in conjunction with the annual work programming and budgeting processes, and in conjunction with an overall reduction of the operating expense ratio of the Secretariat from 1.0 per cent to 0.7 per cent of assets under management.

170. The Board approved corresponding additional administrative budget for the GCF Secretariat recognizing that amounts supplement the budget for staff salaries and emoluments approved under annual budgeting processes.

171. The Board encouraged the Secretariat to improve both geographical and gender balance consistent with paragraph 21 of the Governing Instrument and requested the Secretariat, in filling new recruitments, to promote and improve geographical and gender balance, and to report to the Board in this regard on a regular basis.

172. The Board agreed to update the Secretariat structure to formalize a Division of Portfolio Management, recognizing the growing implementation responsibilities of GCF. It also requested the Secretariat to present a review of its organizational structure in conjunction with the strategic planning for the GCF second replenishment programming period.

173. Taking note of the views expressed by Board members regarding options for establishing a GCF regional presence, the Board requested the Secretariat to consult Board and alternate members and to present terms of reference for a feasibility study further examining options for a GCF regional presence, for consideration by the Board while confirming that the feasibility study does not prejudice the Board's decision on a GCF regional presence.

5.6.1 Updating the salary structure and revised legal framework on human resources management

174. By decision B.22/20, the Board decided to continue its consideration of the Revised Legal Framework on Human Resources with a view to present a revised proposal for the Board's consideration at a future meeting; and requested the Budget Committee to analyse the current salary scales and the amounts for benefits and allowances payable under the Administrative Guidelines on Human Resources, and to present to the Board for its consideration proposals for updates to the salary scale and current benefits and allowances.

175. By decision B.33/07, the Board taking note of the document prepared by the Secretariat titled "Updated Salary Structure: Review of GCF's Salary Scale and Benefits" requested the Secretariat, in consultation with the Budget Committee, to consider this matter until 8 September 2022 and to present to the Board a proposal for developing a stepwise approach for

an updated salary structure and addressing other immediately actionable items, including, inter alia, issues related to merit pay, death in service grants, insurance, and parental leave, ahead of a more comprehensive review of the Guidelines, including its compensation framework, which will be brought to the Board at a later stage.

176. The Board also requested the Co-Chairs to undertake open and inclusive consultations on the updated salary scale in September 2022 in order to facilitate the Board's decision-making on this urgent matter and to present a proposal to the Board at its thirty-fourth meeting.

5.7 Appointment of the Trustee

177. Further to decision B.21/07 where the Board selected and appointed the International Bank for Reconstruction and Development as the Trustee of the Green Climate Fund, the Board taking note that the current four-year term of the Trustee expires on 11 April 2023, the Board by decision B.31/05 requested the Secretariat to undertake a review of the performance of the Trustee and the value for money of the services provided by the Trustee, with the Secretariat to notify the Board promptly upon the completion of the review in order for the Board to approve the renewal of the Trustee arrangements.

178. The decision confirmed that once the Board renews the Trustee's appointment, the Executive Director shall finalize the renewal of the term of the Trustee for a further four-year period, including by executing the necessary legal and administrative arrangements with the International Bank for Reconstruction and Development by the end of 2022, in a manner which ensures there is no discontinuity in trustee services. The Board decided that in respect of subsequent renewals of the term of the Trustee, the Secretariat is authorized to review the performance of the Trustee over the relevant period and, unless considered unsatisfactory by the Secretariat, to further renew the term of the Trustee.

179. The Board also decided that in the event that: (i) the Secretariat considers the outcome any of the reviews referred to in paragraph (e) above to be unsatisfactory; (ii) the Trustee wishes to materially deviate from the terms of reference of the Trustee as part of the renewal of term; (iii) the Trustee does not have an interest in continuing to provide trustee services to GCF; or (iv) the Secretariat and the Trustee are not able to conclude the necessary legal and administrative arrangements in a timely manner; the Secretariat shall promptly notify the Board and the Board shall take such action as is necessary to ensure there is no discontinuity in trustee services.

5.8 Strengthening the independent units

5.8.1 Independent Redress Mechanism

180. By decision B.22/22, the Board adopted the procedures and guidelines for the Independent Redress Mechanism, replacing the interim procedures for the reconsideration of funding decisions adopted previously. The Board designated and entrusted the Ethics and Audit Committee of the Board with responsibility for matters relating to the Procedures.

181. The Board requested the Head of the Independent Redress Mechanism, in consultation with the Ethics and Audit Committee, to consider options to facilitate the Board's consideration of reports from the Independent Redress Mechanism containing its findings and recommendations relating to requests for reconsideration of funding decisions and grievances or complaints by those adversely affected or who may be affected by GCF projects or programmes, and to prepare appropriate guidelines for consideration by the Board. The Board adopted these guidelines pursuant to decision B.BM-2021/16.

5.8.2. Independent Evaluation Unit

182. By decision B.24/15, the Board confirmed that the Evaluation Policy is a GCF-wide policy that guides the Board, the Secretariat, the Independent Evaluation Unit (IEU), other independent units, accredited entities and national designated authorities/focal points. The Board also confirmed that the Independent Evaluation Unit and the Secretariat jointly clarify and delineate the roles, responsibilities and accountabilities in the Evaluation Policy, and amended the terms of reference for the Head of the Independent Evaluation Unit.

183. Pursuant to decision B.BM-2021/07, the Board adopted the Evaluation Policy for the GCF. It requested the IEU to develop standards in collaboration with the Secretariat, and requests the Secretariat, in consultation with the IEU, to develop monitoring protocols, toolkits and guidelines that take into account the Evaluation Policy and the integrated results management framework. The Board also requested the IEU to present Updated Terms of Reference of the IEU, as an amendment to the Evaluation Policy, for consideration by the Board. By decision B.BM-2021/22, the Board approved the updated terms of reference of the Independent Evaluation Unit and agreed that the updated terms of reference would constitute an annex to the Evaluation Policy for the GCF.

5.8.3. Independent Integrity Unit

184. The Board adopted several integrity policies outlined in section 4.7 that further strengthen the work of the Independent Integrity Unit including: the updated policy on prohibited practices; Standards for the implementation of the Anti-Money Laundering and Countering the Financing of Terrorism Policy; Policy on the protection from sexual exploitation, sexual abuse, and sexual harassment; Investigation standards; and the Administrative Remedies and Exclusion Policy.

5.9 Response to the coronavirus disease 19 pandemic

185. The Board, having considered the risks relating to the outbreak of the coronavirus disease 19 (COVID-19) pandemic as well as the prevailing uncertainty and current extraordinary circumstances arising out of the COVID-19 virus outbreak and recognizing its duty to act in the best interests of the GCF and its duty of care towards staff, consultants and interns of the GCF, the Board by decision B.25/02 took note of the measures put in place by the Executive Director to protect the health and welfare of GCF staff, consultants and interns, including the option for staff, consultants and interns to work remotely under special flexible working arrangements. The Board decided to ban all GCF-related events organized by the Secretariat effective Monday, 16 March 2020 for a period of 30 calendar days, and decided that the independent units would take the same measures with respect to recall of their respective staff, consultants and interns; official travel; and organization of events, as well as other measures relating to the response to the COVID-19 virus outbreak as those taken by the Secretariat.

186. The Board authorized the Executive Director to explore options for hosting a core group of up to 35 Secretariat staff in partner organizations in the event that alternative working arrangements need to be put in place in response to the COVID-19 virus outbreak, without establishing a second formal country presence of the GCF, on the basis of specified criteria. The Board also authorized the Executive Director to activate the alternative working arrangements referred to in paragraph (e) of decision B.25/02, in the event it becomes necessary, to mitigate the impact of the spread of the COVID-19 virus on the achievement of the Secretariat's key performance indicators, it being understood that while the alternative working arrangements may need to be put in place until the twenty-seventh meeting of the Board, such arrangements

will only be used on an “as needed” basis and activated for the minimum amount of time necessary.

187. The Board approved a contingency budget in an amount equal to 2 per cent of the administrative budget of the Secretariat to cover costs relating to the activation of alternative working arrangements until the originally scheduled dates for the twenty-seventh meeting of the Board and requested the Executive Director to consult with the Budget Committee on how such contingency budget should be allocated to specific line items. The Board decided that although reallocation between line items in the contingency budget is permitted, no reallocation from the contingency budget to the administrative budgets of the Secretariat and the independent units is permitted.

188. The Board requested the Executive Director to ensure that there is a standing delegation of authority to a competent official who can implement or activate the measures referred to in paragraphs (e) and (f) of decision B.25/02 in a prompt manner in the event that the Executive Director is unavailable to take a decision on such matters and an urgent decision is required. The Board requested the Executive Director and the Co-Chairs to hold regular discussions, as appropriate, in relation to any measures implemented pursuant to this decision.

189. The Board confirmed that if Executive Director, or his delegee, proposes measures which fall outside of the authorities provided in this decision, such measures may not be implemented without the approval of the Board. It also reaffirmed that the Headquarters of the GCF remain in Songdo, Incheon, Republic of Korea, and decided to review the implementation of this decision on the originally scheduled dates for the twenty-seventh meeting of the Board (22 to 24 October 2020).

5.9.4. Scheduling Board meetings

190. The Board decided to hold its twenty-sixth to thirty-first meetings as net meetings. Meanwhile, the Board has requested the Co-Chairs to continue to monitor the impact of the COVID-19 pandemic on the operations of GCF, and to report to the Board appropriately. The Board resumed meeting physically from its thirty-second meeting (May 2022)

5.9.5. Extension of period for re-accreditation applications

191. By decision B.26/01, the Board decided on an extraordinary basis due to the COVID-19 virus pandemic, that the Secretariat may issue a one-time extension for a period of six months to the deadline for submission of a re-accreditation application, subject to a justified request from the accredited entities to GCF. The Board agreed that, during this extended period, the accredited entity would not be able to submit any new funding proposals or Project Preparation Facility requests to GCF for consideration. The accredited entity may, through the relevant national designated authority(ies), seek support through the Readiness and Preparatory Support Programme.