



**GREEN
CLIMATE
FUND**

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6 – 8 July 2019
Songdo, Incheon, Republic of Korea
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GCF/B.23/Inf.08

14 June 2019

Reports from committees, panels and group of the Board of the Green Climate Fund

Summary

This document contains the reports on activities that have already been conducted or are planned to be undertaken by the following committees and panels of the Board of the Green Climate Fund during the reporting period from 1 January to 31 May 2019:

- (a) Accreditation Committee;
- (b) Accreditation Panel;
- (c) Budget Committee;
- (d) Independent Technical Advisory Panel;
- (e) Investment Committee; and
- (f) Performance Oversight Committee of the Executive Director and Heads of Independent Units.

I. Introduction

1. This report covers the reporting period of 1 January 2019 to 31 May 2019, and also indicates activities planned to be carried out by the committees and panels of the Board of the Green Climate Fund in advance of its twenty-third meeting (B.23).

II. Report on activities of the Accreditation Committee

2. This report addresses the mandate given to the Accreditation Committee (AC) in annex IV to decision B.07/02, to provide policy guidance to the Board on accreditation-related matters.

2.1 Activities during the reporting period

3. During the reporting period, the AC members held one formal in-person meeting at the twenty-second meeting of the Board (B.22), during which Mr. Richard Muyungi was elected as the new Chair of the AC, and two formal virtual meetings. Some members of the AC also held three informal virtual meetings due to lack of quorum. Communication among AC members on accreditation matters also took place via email. Additionally, the AC held one formal in-person meeting jointly with the members of the Accreditation Panel (AP) during the reporting period.

4. In decision B.22/16, the Board decided to streamline the accreditation process in order to accelerate the review and consideration of entities applying for accreditation. In the same decision, the Board requested the AC, with the support of the Secretariat, to consult with Board and alternate members, accredited entities (AEs) and national designated authorities and focal points on matters related to the review of the accreditation framework as contained in annexes XI and XII to the decision, and present an updated accreditation framework for consideration and adoption by the Board at B.23.

5. In line with decision B.22/16, paragraph (d), the AC, with the support of the Secretariat, held three webinars on 9 and 10 April 2019 to consult with Board and alternate members, AEs and national designated authorities and focal points on matters related to the review of the accreditation framework as contained in annexes XI and XII to the decision. In addition, the AC requested written feedback to be submitted from 1 to 30 April 2019.

6. Taking note of the total 36 submissions of written feedback and the feedback received during the webinars, the AC reviewed the feedback and revised the updated accreditation framework with the support of the Secretariat. The AC is presenting the “Updated accreditation framework” (document GCF/B.23/05) for the Board’s consideration at B.23.

7. In line with decision B.12/30, paragraph (d), the AP has been working towards establishing a baseline methodology on the overall portfolio of AEs, including those already accredited at an earlier stage, that allows for an assessment of the extent to which the overall portfolios of activities by AEs (beyond those projects/programmes funded by GCF) have evolved during the accreditation period. The AC noted the progress of the AP. Further details are contained in the report of the AP in this document.

2.2 Next steps

8. In the period after B.23, the AC will continue its work based on the “Workplan of the Board for 2019” as contained in the annex I to decision B.22/02 regarding accreditation matters. The draft workplan of the AC is presented in annex I to this document.

III. Report on activities of the Accreditation Panel

9. This report addresses the mandate given to AP in decision B.07/02, paragraph (g), to serve as an independent technical panel to advise the Board on matters related to the accreditation of entities to the GCF. The AP is responsible for conducting the accreditation process in accordance with its terms of reference, as adopted by the Board through decision B.07/02, paragraph (h).

3.1 Activities during the reporting period

3.1.1 Review of accreditation applications

10. During the reporting period, the AP held numerous conference calls with applicant entities during the Stage II (Step 1) accreditation review to gain better knowledge of each applicant and to clarify and discuss Stage II questions raised by the AP. In the case of one applicant (a direct access entity), the AP also undertook a site visit to the applicant's headquarters to fully understand the applicant's operations and controls.

11. The AP continued to work on its in-depth assessment of applications for accreditation that have successfully completed Stage I, as conducted by the Secretariat. The AP completed the review of four new applications and two upgrade applications for two AEs to recommend for accreditation at B.23. Further details are contained in document GCF/B.23/02 titled "Consideration of accreditation proposals".

3.1.2 Review of accreditation conditions for accredited entities

12. The AP has also reviewed evidence provided by AEs pertaining to conditions adopted by the Board at the time of their respective accreditation. Further information on accreditation conditions that the AP has found to be closed and fulfilled, and those that are in progress, are contained in annex III of the "Consideration of accreditation proposals" (document GCF/B.23/02).

3.1.3 Technical inputs to policies related to accreditation matters

13. In line with decision B.12/30, paragraph (d), the AP members, in consultation with the AC and with the support of the Secretariat, continued to work towards establishing a baseline methodology on the overall portfolio of AEs. The terms of reference for the consultancy assignment to support the pilot phase of the baseline indicator tool as referred to in document GCF/B.22/Inf.15 titled "Matters related to accreditation, including the framework review, and matters related to the baseline of accredited entities: Baseline on the overall portfolio of accredited entities" has been finalized, and the request for proposal to procure a consulting firm to support this assignment is under preparation.

14. The AP also advanced the following documents and tools related to improvement of the accreditation process, taking the lead role on some and providing inputs on others:

- (a) The review of the accreditation framework;
- (b) Streamlining the Stage I and Stage II checklists applied in the accreditation review process;
- (c) The re-accreditation process;
- (d) The templates for periodic institutional-level monitoring, including those for annual self-assessments and midterm review; and

- (e) Complementary accreditation assessment guidance for reviewing the accreditation applications of potential private equity firms and fund management entities.

3.2 Next steps

15. The accreditation process is ongoing, and AP members are continuing the review of accreditation applications that have completed Stage I, with the aim of providing recommendations on accreditation at subsequent meetings of the Board. AP members are also continuing to develop documents and tools related to improvement of the accreditation process. In the second half of 2019, given that the first entities accredited to GCF were accredited in 2015, the AP expects that its work will begin and be primarily related to implementing the re-accreditation process and reviewing re-accreditation applications.

16. As a factor of re-accreditation as per the GCF monitoring and accountability framework adopted in decision B.11/10, the AP expects to implement a pilot phase of a baseline study applying the aggregated approach (based on the proposed GCF indicator tool) as well as further investigate a disaggregated approach (based on existing entities' reporting frameworks) for the overall portfolio of AEs and develop guidance on the implementation of both approaches.

17. AP members will continue to work on reviewing evidence provided by AEs pertaining to conditions adopted by the Board at the time of their respective accreditation, with the aim of providing recommendations on accreditation conditions at subsequent meetings of the Board.

18. The draft workplan of the AP for 2019 is presented in annex II to this document, which is based on the "Workplan of the Board for 2019" as contained in annex I to decision B.22/02.

IV. Reports on activities of the Budget Committee

19. This report addresses the mandate given to the Budget Committee (BC) in annex XXX to decision B.12/37, to provide budgetary guidance to the Board on the preparation and implementation of the administrative budget and annual work programme of the Secretariat.

4.1 Activities during the reporting period

20. The BC conducted one in-person meeting in Songdo on 24 February and three virtual meetings on 7 February, 23 May, and 6 June 2019. The BC also engaged in subsequent discussions and sharing of comments via email.

21. Mr. Jose Delgado was re-elected as the chair of the BC.

22. During the reporting period, the BC reviewed the monthly reports on the Performance Review of the Fund prepared by the Independent Evaluation Unit (IEU) and Reports on the Activities and Expenditure of Replenishment Budget prepared by the Secretariat. The BC also provided necessary guidance to the IEU and Secretariat on the execution of these budgets.

23. The BC reviewed the Board document related to 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 and accordingly made recommendations to the Board.

24. The BC reviewed Report on the Execution of the 2018 Administrative Budget and suggested improvements to be incorporated in future reports, including the consistent use of the budgetary terms and category in between secretariat and independent units for better understanding.

25. The Secretariat presented the financial implications of HR policy to BC. The BC had detailed deliberation over the various aspects of the HR policy, including how to make GCF more attractive workplace, cost implications of the proposed changes etc. Once the suggested changes from BC were incorporated, BC cleared the document for Board's consideration.
26. The BC reviewed and made suggestions on Secretariat's proposal on establishing GCF's own environmental and social safeguards in its virtual meeting. In the subsequent virtual meeting, the Secretariat presented a revised proposal, to which BC agreed.
27. The BC also reviewed and agreed to the budgetary aspects of the Implementation of the Interim Policy on the Protection from Sexual Exploitation, Sexual Abuse, and Sexual Harassment.
28. The BC also reviewed GCF Draft Audited Financial Statement for 2018 and the Report on the Execution of 2019 Administrative Budget. While the BC endorsed the budget execution document for the B.23, there were no comments raised on the Audited Financial statements by BC members.
29. The BC suggested that the Secretariat and independent units develop an output-based budget structure, with respective elements to be introduced in the draft 2020 Administrative Budget documents for Secretariat and independent units.

4.2 Next steps

30. The BC will convene an on-site meeting on the margins of the B.23.

V. Report on activities of the independent Technical Advisory Panel

5.1 Activities during the reporting period

31. The independent Technical Advisory Panel (TAP) continued to review funding proposals and conduct its assessments based on the initial investment framework and guidelines provided through various subsequent decisions. Since the previous reporting period, the independent TAP received 11 funding proposals in total for assessment, including two simplified approval process funding proposals. Of these 11 funding proposals, two were resubmissions that the independent TAP had rejected in advance of B.22. In both cases, the AEs resubmitted the funding proposal after addressing the concerns of the independent TAP.
32. The independent TAP met in Songdo from 18 to 25 May 2019 and finalized its assessments of the 11 funding proposals. In carrying out these assessments, the independent TAP continued to engage with the AEs. This was done by sending written questions and receiving written responses as well as through virtual calls to present the assessments of the independent TAP and discuss possible conditions and recommendations.
33. Out of the 11 funding proposals, the independent TAP endorsed 9 for Board consideration, including the 2 resubmissions. The two remaining funding proposals were rejected and the concerns of independent TAP and comments were provided to the AEs in writing.
34. While in Songdo, the independent TAP engaged in discussions with the Independent Evaluation Unit to share its observations on the current process of project development, evaluation and monitoring.

35. The independent TAP plans to hold a session to disseminate lessons it has learned on 5 July 2019, a day before the formal proceedings for B.23 are scheduled to begin. In the session, the independent TAP will present and discuss a few topics that it believes are critical for AEs, and which therefore require further attention when funding proposals are prepared. The session is open for AEs as well as Board members and advisers. A similar session may be organized in conjunction with future Board meetings.

VI. Report on activities of the Investment Committee

36. Since B.22, the Investment Committee (IC) has progressed on several Board mandates, including:

- (a) Revision of the structure and operations of the independent Technical Advisory Panel (decision B.19/08 and previous decisions, including B.10/09);
- (b) Review of financial terms and conditions of GCF financial instruments (decision B.09/04 and subsequent decisions B.12/15, B.15/05 and B.17/08); and
- (c) Review of the scaling pilot (decision B.10/17).

6.1 Activities during the reporting period

37. The IC held one informal virtual call on 28 May 2019. The Secretariat briefed the IC on matters relating to the independent Technical Advisory Panel (TAP), the review of the scaling pilot, the results management framework review, and the indicative list of projects cleared by the independent TAP for B.23.

38. The Committee progressed on the following matters related to the independent TAP:

- (a) Revision of the structure and operations of the independent TAP. The IC noted that there were a number of issues that needed to be discussed further between B.23 and the twenty-fourth meeting of the Board (B.24) in order to finalize the document related to this matter; and
- (b) The independent TAP briefing to AEs. The Secretariat informed the IC of the independent TAP plan to provide a technical briefing to AEs during the informal day of B.23 in Songdo. In line with the previous IC discussions on the matter, the session will be broadcast live, recorded and be made available to the AEs who are not available to attend. The IC expressed support for this briefing and the presented format.

39. The IC notes the review of the scaling pilot conducted by the Secretariat. The review raised a number of points on the consistency of the assessments by the Secretariat and the independent TAP, and noted that this issue would require further discussion and reflection.

VII. Report on activities of the Performance Oversight Committee of the Executive Director and Heads of Independent Units

40. Through decision B.21/13, the Board established the Performance Oversight Committee of the Executive Director and Heads of Independent Units (POC) to, among other roles, assist the Board in discharging its responsibilities regarding the performance management of the Heads of Independent Units (IUs).

41. In order to do this, the POC is mandated to: (a) set the objectives of Board-appointed officials; (b) develop a procedure for performance review of Board-appointed officials by the POC; (c) monitor the performance of Board-appointed officials; (d) make recommendations to

the Board regarding the performance reviews of Board-appointed officials; and (e) make recommendations to the Board regarding performance-based increment increases in payment for Board-appointed officials, in consultation with the Budget Committee.

7.1 Activities during the reporting period

42. Through decision B.22/04, paragraph (b), the Board adopted the terms of reference for an independent external human resources (HR) firm to assist the POC to evaluate the performance of the Heads of IUs.

43. The Secretariat was directed to carry out a procurement according to its established procedures and to contract the HR firm. This was done and, with the approval of the Co-Chairs of the Board and the POC, the selected HR firm, SRI Executive, was contracted on 25 April 2019.

44. The below timetable of work was agreed with the HR firm:

	Objective	Responsible party	Completion date
1	Contract signed	HR firm and Secretariat	22 April
2	Confirm the performance criteria for each Head of IU via consultation and reference to existing documents	HR firm	30 April <i>*It was noted by the Chair that this could be submitted alongside deliverable #3</i>
3	Creation of the methodology for the performance evaluation, including the 360-evaluation degree process	HR firm	6 May
4	Performance criteria and methodology for the performance evaluation approved by the POC	POC	7 May
5	Implementation of the evaluation methodology, including the 360-degree process	HR firm	27 May
6	Generation of the reports – written evaluations for each Head, plus advice on how to manage any issues arising and salary recommendations	HR firm	3 June
7	Submission of report to the POC	HR firm	4 June

Abbreviations: HR = human resources, IU = independent unit, POC = Performance Oversight Committee of the Executive Director and Heads of Independent Units.

45. The HR firm commenced work immediately and, by means of regular guidance from the Chair of the POC and updates from the HR firm, the project is progressing satisfactorily.

46. The following objectives in the workplan have been achieved:

- (a) Objective 2. Confirmation of the performance criteria for each Head of IU;
- (b) Objective 3. Creation of the methodology for the performance evaluation; and
- (c) Objective 4. Performance criteria and methodology for the evaluation approved by the POC.

47. This last item was completed by the POC during its virtual meeting on 14 May 2019.

7.2 Next steps

48. After a discussion with the HR firm, the POC has decided that, to provide sufficient time to consult with all stakeholders and to maintain the highest quality work, the deadline for “Objective 5. Implementation of the evaluation methodology” will be advanced to 7 June 2019.

49. It is planned that objectives 6 and 7 will be completed by the HR firm by 14 June and their report will potentially be presented to the POC at an in-person meeting in the margins of the Bonn Climate Change Conference (SB50).

50. The POC will present the evaluation of the Heads of IUs and its recommendations to the Board at B.23.

Annex I: Draft workplan for the Accreditation Committee of the Green Climate Fund in 2019

This draft workplan of the Accreditation Committee in 2019 is based on the “Workplan of the Board for 2019” as contained in annex I to decision B.22/02.

Issue	B.22	B.23	B.24
1. BOARD MATTERS			
a. Committees, panels and groups			
Review of committees and panels <i>(Annexes XVI–XIX to decision B.05/13, and decision B.20/04, para. (b))</i>		Consideration of findings of the review of committees and panel	
2. FUND POLICIES			
a. Fund-wide policies			
GCF Gender and Social Inclusion Policy <i>(Decisions B.09/11; B.12/16; B.14/01, para. (g); and B.BM-2017/02)</i>	Adoption of an updated Gender Policy		
3. ACCREDITATION FRAMEWORK			
Further development of the accreditation framework ¹ <i>(Fast-tracking – decisions B.14/08, para. (d) (ii); B.17/01, para. (b) (xi); B.17/06, para. (e); and B.14/08, para. (f) (ii)); (Prioritization – decisions B.14/08, para. (d) (ii); and B.17/01, para. (b) (xi)); (Use of third-party evidence – decisions B.14/08, para. (e) (i); and B.17/01, para. (b) (xiii)) (Adaptation Fund’s Environmental and Social Policy – decision B.14/08, para. (e) (iii))</i>	Consideration of the full report on the review of the accreditation framework, including baseline on the overall portfolio of accredited entities <i>(Decision B.19/13, paras. (b) and (e))</i>	Review of the accreditation framework, <i>(Decision B.19/13, paras. (b) and (e))</i>	
Initial fiduciary standards and integrity policies	Adoption of fiduciary compliance and integrity policies/policies relating to prohibited practices, anti-money	Adoption of fiduciary compliance and integrity policies/policies relating to	Adoption of fiduciary compliance and integrity policies/policies relating to prohibited practices, anti-money

¹ Accreditation framework

Issue	B.22	B.23	B.24
<i>(Decisions B.07/02; B.12/31, para. (i); B.14/01, paras. (e) and (f); B.14/08, para. (f); and B.20/03, para. (b)(i))</i>	laundrying and countering the financing of terrorism ² <i>(Decisions B.12/31, para. (i); B.14/01, para. (e); and B.15/13)</i>	prohibited practices, anti-money laundrying and countering the financing of terrorism ² - Policy on protection from sexual exploitation, sexual abuse, and sexual harassment (applicable to Counterparties, to be incorporated into the interim Policy adopted at B.22)* <i>(Decisions B.14/01, para. (e); and B.15/13, B.20/03, para. (b) (i))</i>	laundrying and countering the financing of terrorism - Sanctions and exclusions policy <i>(Decisions B.14/01, para. (e); and B.15/13, B.20/03, para. (b) (i))</i> Integration of policies relating to prohibited practices, anti-money laundrying and countering the financing of terrorism in the interim fiduciary standards <i>(Decision B.14/01, para. (f))</i> Review of the initial fiduciary principles and standards* <i>(Decision B.07/02, para. b)</i>
Environmental and social management system ³ <i>(Decisions B.07/02, para. (n); and B.19/10)</i>		Consideration of a proposed approach to developing the GCF environmental and social safeguards standards* <i>(Decision B.19/10, para. (c) and B.21/04, para. (c) (v))</i>	
Monitoring and accountability framework <i>(Decision B.11/10, para. (a), annex II)</i>			Presentation of the annual portfolio performance report <i>(Decision B.11/10, para. (a), and annex II, para. 9)</i>
Matters to be taken up by the Secretariat, with the proviso to bring any recommendations requiring Board attention back to the Board			
Information disclosure policy <i>(Decisions B.12/35, paras. (b) and (g); annex XXIX, para. 28; B.17/01, para. (b) (xvii); and B.18/01, para. (g) and B.21/04, para. (c)(iv))</i>	Review of the Information Disclosure Policy <i>(Decision B.12/35, paragraph (a), annex XXIX, paragraph 41)</i> Presentation of recommendations on the review of the relevant disclosure requirements once the environmental and social management system is developed <i>(Decision B.12/35, para. (b))</i>		

² Accreditation Committee.

³ Accreditation Committee.

Annex II: Draft workplan for the Accreditation Panel of the Green Climate Fund in 2019

This draft workplan of the Accreditation Panel in 2019 is based on the “Workplan of the Board for 2019” as contained in annex I to decision B.22/02.

Issue	B.22	B.23	B.24
1. BOARD MATTERS			
a. Committees, panels and groups			
Review of committees and panels (Annexes XVI–XIX to decision B.05/13, and decision B.20/04, para. (b))		Consideration of findings of the review of committees and panel	
2. FUND POLICIES			
a. Fund-wide policies			
Information disclosure policy (Decisions B.12/35, paras. (b) and (g); annex XXIX, para. 28; B.17/01, para. (b) (xvii); and B.18/01, para. (g))		Review of the live webcasting service for formal meetings of the Board (Decision B.BM-2018/07, para. (b))	Presentation of recommendations on the review of the relevant disclosure requirements once the environmental and social management system is developed (Decision B.12/35, para. (b))
GCF Gender and Social Inclusion Policy (Decisions B.09/11; B.12/16; B.14/01, para. (g); and B.BM-2017/02)	Adoption of an updated Gender Policy		
3. ACCREDITATION FRAMEWORK			
Initial fiduciary standards and integrity policies (Decisions B.07/02; B.12/31, para. (i); B.14/01, paras. (e) and (f); B.14/08, para. (f); and B.20/03, para. (b)(i))	Adoption of fiduciary compliance and integrity policies/policies relating to prohibited practices, anti-money laundering and countering the financing of terrorism ^{Error! Bookmark not defined.} (Decisions B.12/31, para. (i); B.14/01, para. (e); and B.15/13)	Adoption of fiduciary compliance and integrity policies/policies relating to prohibited practices, anti-money laundering and countering the financing of terrorism ⁴ - Policy on protection from sexual exploitation, sexual abuse, and sexual harassment (applicable to Counterparties, to be	Adoption of fiduciary compliance and integrity policies/policies relating to prohibited practices, anti-money laundering and countering the financing of terrorism - Sanctions and exclusions policy (Decisions B.14/01, para. (e); and B.15/13, B.20/03, para. (b)(i))

⁴ Accreditation Committee.

Issue	B.22	B.23	B.24
		incorporated into the interim Policy adopted at B.22) <i>(Decisions B.14/01, para. (e); and B.15/13, B.20/03, para. (b)(i))</i>	Integration of policies relating to prohibited practices, anti-money laundering and countering the financing of terrorism in the interim fiduciary standards <i>(Decision B.14/01, para. (f))</i> Review of the initial fiduciary principles and standards* <i>(Decision B.07/02, para. b)</i>
Environmental and social management system <i>(Decisions B.07/02, para. (n); and B.19/10)</i>		Consideration of a proposed approach to developing the GCF environmental and social safeguards standards <i>(Decision B.19/10, para. (c))</i>	
