



**GREEN
CLIMATE
FUND**

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GCF/B.22/Inf.11/Add.01

12 February 2019

Reports from committees, panels and groups of the Board of the Green Climate Fund – Addendum

Summary

This document contains the reports on activities that have already been conducted or are planned to be undertaken by the following committees and group of the Board during the reporting period from mid-September to 31 December 2018:

- (a) Budget Committee;
- (b) Ethics and Audit Committee;
- (c) Ad hoc Executive Director Selection Committee; and
- (d) Private Sector Advisory Group.

I. Introduction

1. Due to the change in term of Board membership between 2018 and 2019, this report covers the reporting period of mid-September to 31 December 2018. This report also indicates activities planned to be carried out by the committees, panels and group of the Board in advance of its twenty-second meeting (B.22).
2. Annex I to the document GCF/B.22/Inf.11 contains the list of members of the committees and group of the Board as of 31 December 2018.

II. Report on the activities of the Budget Committee

3. The 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.

2.1 Activities during the reporting period

4. The BC conducted one in-person meeting in Bahrain on 16 October 2018. The committee also conducted two virtual meetings on 20 and 27 November 2018, and engaged in subsequent discussions and sharing of comments by email.
5. Mr. Jose Delgado was elected as the Chair of Budget Committee.
6. The Secretariat presented analysis of the budget and relevant benchmarks for the GCF administrative budget. The committee noted the importance of such management tool and agreed to work for the further refinement of the benchmarks in 2019.
7. The Secretariat presented the revised legal framework on Human Resources management– Code of Conduct. The BC discussed and commented that this should be discussed further in future.
8. In accordance with decisions B.21/18, the BC reviewed the budget of first replenishment process on 20 November 2018 and 27th November 2018. The BC agreed on the revised replenishment budget, which was in line with the Board approved budget, presented by the Secretariat. The Committee also agreed to provide travel support to replenishment group Board members from developing countries as per the decision B.21/18.
9. The BC and the Secretariat agreed on regular reporting of execution and implementation of replenishment budget for regular supervision of BC and virtual meeting to discuss the same as needed.
10. The BC reviewed the additional budget request of USD 347,400 for performance review from independent evaluation unit. The BC agreed with the requested increase in the budget and advised IEU to request Board for approval of additional budget.

2.2 Next steps

11. The new budget committee needs to be formed to take the 2019 business forward. The BC will review the relevant B.22 documents. The BC will also try to convene an on-site meeting on the margins of the twenty-second meeting of the Board (B.22).

III. Report on the activities of the Ethics and Audit Committee

12. The Ethics and Audit Committee (EAC), a standing Committee of the Board, continues its task in accordance with its terms of reference¹ (decision B.05/13), to provide guidance on issues of conflicts of interest, confidentiality, ethics, financial management, procurement and other audit functions as they relate to the Board. The EAC also provided guidance to the Independent Redress Mechanism (IRM), in accordance with decision B.15/12 and the updated terms of reference of the IRM (decision B.BM-2017/10), and to the Independent Integrity Unit (IIU), pursuant to decision B.14/01, paragraph (e), its workplan and terms of reference² adopted in decision B.06/09.

13. This report covers the period from mid-October to 31 December 2018, and indicates activities planned to be carried out by the EAC of the Board. Since B.21, the EAC held one virtual meeting, on 27 November 2018, to discuss and provide guidance to the Secretariat and the IIU and the IRM on the key mandates given by the Board. The activities of the EAC were also conducted via e-mail correspondence due to scheduling conflicts. The EAC discussed matters still outstanding from its previous meetings, reviewed policies to be considered by the Board at B.22, as well as other matters related to its mandate.

3.1 Activities during the reporting period

14. The following items were the main issues considered by the EAC during the reporting period:

- (a) Office of the Internal Auditor Work Plan for 2018-2020;
- (b) Review of the draft Standards for the implementation of the Anti-Money Laundering and Countering the Financing of Terrorism Policy;
- (c) Policy on the Protection from Sexual Exploitation, Abuse and Harassment;
- (d) Decision of the Information Appeals Panel;
- (e) Potential conflicts of interest relating to the persons engaged with the GCF;
- (f) Conflict of interest matter;
- (g) Quarterly reports on the activities of the IRM;
- (h) Procedures and Guidelines for the IRM; and
- (i) Financial Disclosure for the GCF.

15. The meetings were attended by EAC members, advisers, the staff and the Heads of the IRM and IIU, and the Secretariat.

3.2 Activities addressing mandates from the Board

3.2.1 Report of the Office of the Internal Auditor

16. The EAC received a report from the Office of the Internal Auditor (OIA), on the work it had performed in 2017 and the results thereof.

17. The EAC reviewed the proposed OIA work plan for 2018-2020, focusing on 2018. The OIA had identified seven areas for audit in 2018, which included the decision-making processes

¹ Document GCF/B.05/23, annex XVIII.

² Document GCF/B.06/18, annex IV.

of the Green Climate Fund (GCF), including by the Board, and invited the EAC's guidance and advice on this aspect.

3.2.2. Matters concerning the Independent Integrity Unit

18. Prior to B.21, the EAC had considered the Policy on Prohibited Practices, developed by the IIU, pursuant to decision B.14/01, paragraph (e) and its work plan. The EAC endorsed the draft Policy on Prohibited Practices, for presentation and consideration by the Board at B.21. As the agenda item was not opened at B.21, the Policy on Prohibited Practices was deferred to B.22.

19. The EAC also considered and provided feedback on a draft document on the Standards for the implementation of the Anti-Money Laundering and Countering the Financing of Terrorism Policy (AML/CFT Standard) developed by the IIU, which is based on the requirement set under the Anti-Money Laundering and Countering the Financing of Terrorism Policy³ and how it is to be put into practice. The EAC was briefed on the progress made by the IIU in developing the AML/CFT Standard, including the consultations conducted with the Secretariat and Accredited Entities, and received a revised version of the Policy for review. The IIU also engaged in bilateral discussions with EAC members on the draft and will continue its work on this document with the aim of presenting the AML/CFT Standard to the Board at B.22.

20. In accordance with its 2019 workplan, the IIU has developed a Policy on the Protection from Sexual Exploitation, Abuse and Harassment. An initial draft policy has been shared with the EAC and its guidance sought on the scope and approach for developing the policy. The IIU, with the approval of the EAC, conducted a public consultation on the scope and content of that draft Policy. The IIU will continue to work on the Policy with the aim of presenting this document to the Board at B.22.

3.2.3. Matters addressing conflicts of interest

21. The Policy on Ethics and Conflicts of Interest for the Board of the GCF requires Covered Individuals to submit a list of their functions and roles outside the GCF and update the information provided on it wherever required to reflect amendments.⁴ The Covered Individual means a member and alternate member of the Board of the GCF and advisors. Since B.20 the EAC has overseen and continues to oversee the process of submission of declarations ensuring compliance with the Policy on Ethics and Conflicts of Interest for the Board. The EAC will consider any issues arising from the filing of the declaration forms.

22. The EAC is considering the potential conflicts of interest relating to the persons engaged with the GCF, as requested by the Board at its sixteenth meeting.⁵

23. The EAC also received a draft financial interest disclosure form and Declaration of Interest Statement, as required under the Policy on Ethics and Conflicts of Interest for the Executive Director of the Green Climate Fund Secretariat⁶ and for Board-appointed officials of the Green Climate Fund.⁷ The two policies require Covered Individuals to file annually until

³ Decision B.18/10, annex XIV.

⁴ Paragraph 19 of the Policy on Ethics and Conflicts of Interest for the Board of the Green Climate Fund states that "In order to avoid conflicts of interest and to strengthen the proper, transparent and independent governance of the Fund and its governing bodies, Covered Individuals shall submit to the Ethics and Audit Committee a list of their functions and roles outside the Fund that would have relevance or potential relevance to the business of the Fund and shall update such a list if and when required to reflect amendments. The Ethics and Audit Committee shall not make this list publicly available, unless it needs to disclose it to the full Board, the Executive Director and relevant government with regard to a specific case in the context of procedures when a conflict of interest arises".

⁵ Document GCF/B.16/Inf.04/Add.02, paragraph 8.

⁶ Decision B.10/13, annex XXVII, paragraph (c).

⁷ Decision B.13/27, annex V, paragraph (a).

separation from the GCF a financial interest disclosure in a form and manner to be proposed by the Chief Financial Officer and approved by the EAC. The EAC considered the financial interest disclosure form and provided guidance to the Secretariat on the framework to manage the annual financial interest disclosures by Board-appointed officials.

3.2.4. Matters concerning the Independent Redress Mechanism

24. The EAC received and considered the quarterly report on the activities of the IRM which covered the period from January to March 2018 and from April to June 2018. The IRM consulted with the EAC, as mandated by the Board pursuant to decision B.15/12 and Clause 6 of the updated terms of reference of the IRM (decision B.BM-2017/10), reporting to the EAC on a quarterly basis. The reports provided updates on the progress made by the IRM based on its work plan and budget. The EAC provided feedback to the IRM in accordance with its mandate. The EAC also received the quarterly report on the activities of the IRM which covered the period from July to September 2018.

25. The Board, by decision B.13/24 and Clause 18 of the updated terms of reference (decision B.BM-2017/10), requested the Head of the IRM to prepare, with the support of the Secretariat, for consideration by the Board, procedures and guidelines for the Independent Redress Mechanism (Procedures and Guidelines). Prior to the nineteenth meeting of the Board, the EAC had discussed and provided feedback to the Head of the IRM on a draft of the Procedures and Guidelines and agreed to a public consultation on the document. The EAC received a revised draft of the Procedures and Guidelines for its review, based on the feedback received from the public consultation process conducted by the IRM.

3.2.5. Matters concerning the Information Disclosure Policy

26. The EAC received the decision and recommendations of the Information Appeals Panel (Panel) on the first appeal filed under Section XI of the Information Disclosure Policy (IDP). The Panel, comprising the three Heads of the Independent Units, had been constituted by a decision of the Board (decision B.BM-2018/05) and its mandate is to hear appeals against decisions made by the Secretariat in regard to access to information requests under the IDP. The appeal by the Civil Society Organization Active Observers of the GCF was filed for an alleged breach of the Environmental and Social Safeguards (ESS) disclosure obligations under paragraph 17 of the GCF's IDP of two Category A/Intermediation 1 (I-1) projects. The decision and recommendations of the Panel were submitted to the EAC for approval in accordance with Paragraph 33 of the IDP, as the recommendations of the Panel dealt with the future disclosure of Board documents. The Panel in its decision of 15 November 2018 concluded that: (a) it has jurisdiction and considered the appeal on merits; (b) the GCF Secretariat has not complied with the Policy requirements (laid out in paragraph 17 of the IDP) to disclose and announce the ESS documents for the two funding proposals to the GCF's Active Observers in a timely manner; and (c) that any overall delay in providing such documents is a risk to the reputation of the GCF and should be avoided in future. On 28 November 2018, the EAC approved the decision and recommendations of the IAP. On 13 December 2018, the decision of the Panel was transmitted to the Board for its information. Further details are contained in the report of the activities of the Panel.

3.3 Next steps

27. The EAC will continue to address the items still outstanding from the meetings during the reporting period and will update this report to the Board accordingly.

IV. Reports on activities of the ad hoc Executive Director Selection Committee

28. The Board, in its twenty first meeting, by decision B.21/06, established the Executive Director Selection Committee (EDSC) as an ad hoc committee of the Board; adopted the terms of reference of the EDSC;⁸ and appointed the initial eight members (four Board members each from the developing and developed constituencies. The Board also requested the Co-Chairs of the Board for 2019 to propose a decision for appointment of the members of the EDSC following the commencement of the third term of Board membership.

29. At the same time, the Board also adopted the selection process for the Executive Director of the GCF Secretariat (ED);⁹ adopted the terms of reference of the ED;¹⁰ and took note of the indicative timeline of the entire process for the appointment of the ED.¹¹

30. Furthermore, the Board decided to engage the services of an independent executive search firm (the firm) to support the EDSC; and on that basis endorsed the terms of reference of the firm;¹² authorised the EDSC to procure the services of a firm; and approved a budget increment for the selection process (including the costs of the firm).¹³

4.1 Activities during the reporting period

31. The EDSC has held five meetings to date, with a change of membership between the fourth and fifth meetings.

32. The following milestones were achieved, largely following the indicative timeline:

- (a) The vacancy was advertised on the GCF website on 22 October 2018;
- (b) The procurement process for the firm was launched by the Secretariat, bids were received and according to the terms of reference and the selection process, the most suitable firm was recommended to the EDSC on 12 November 2018;
- (c) The firm was appointed, and they launched the vacancy through appropriate media and their outreach networks on 26 November 2018;
- (d) Applications for the vacancy closed on 11 January 2019; and
- (e) The EDSC is currently working with the firm to review and shortlist the candidates, with the objective of presenting 3 recommended candidates to the Board at the twenty second meeting.

33. Given the timely completion of all selection processes and the availability of fully competent candidates, the EDSC is expecting to present to the twenty second meeting of the Board, three candidates for their consideration for appointment to the post of Executive Director of the Green Climate Fund Secretariat.

⁸ Document GCF/B.21/34, annex VII.

⁹ Document GCF/B.21/34, annex V.

¹⁰ Document GCF/B.21/34, annex IV.

¹¹ Document GCF/B.21/34, annex VI.

¹² Document GCF/B.21/34, annex VIII.

¹³ Document GCF/B.21/34, annex IX.

V. Report on activities of the Private Sector Advisory Group

5.1 Activities during the reporting period

34. After the PSAG meeting in August 2018 in New York, members worked on the finalization of the document titled “PSAG recommendations on mobilization of private sector finance to progress the GCF forestry-related results areas”. The document has been developed in response to the Board’s mandate in decisions B.12/07, B.14/01, BBM-2017/02 and B.17/01. Under the current workplan, PSAG aims to present the document to the Board at its twenty-third meeting in 2019. A finalized version is ready, to be complemented by decision text.

35. In addition, it was reported that the terms of membership of external PSAG members were to end on 31 December 2018, as per the existing terms of reference. A planned review of the committees, panels and groups of the Board is also currently taking place. Against this background, approval from the Board was sought at its twenty-first meeting (B.21) to extend the terms of existing external PSAG members by six months, until 30 June 2019. The Board, through decision B.21/03, decided to grant such an extension.

36. PSAG Board members met on the margins of B.21 in Manama, Bahrain, in October 2018. During this meeting the following topics were discussed: discussion on the strategy of the Private Sector Facility; extension of membership (as elaborated in paragraph 6 above); overview of mandates thus far; finalization of papers; and the preliminary outline of possible meetings in 2019.

37. PSAG Board members used B.21 to take stock of PSAG achievements and strengths over the last years, and to discuss possible adjustments for optimizing PSAG work going forward. There was agreement among PSAG Board members that:

- (a) PSAG had a positive impact on GCF during its first years of operation, with a successful adoption of specific PSAG recommendations by the Board and Secretariat, most prominently the call for mobilizing funds at scale. PSAG must continue efforts for further uptake of PSAG recommendations to enable private sector cooperation with GCF;
- (b) PSAG has found a good working modality, with two face-to-face meetings per year. Organizing some meetings back to back with GCF Board meetings or Private Sector Facility events in Songdo, Incheon, Republic of Korea can facilitate PSAG interaction with other Board members and the Secretariat; and
- (c) Currently among PSAG private sector members, adaptation experts, women and African experts are under-represented – a new term should help to rebalance this.

5.2 2019 Private Sector Advisory Group workplan

38. Since the mandate that invites PSAG “to make recommendations on the mobilization of private sector finance to progress the Fund’s forestry-related result areas” is the last one PSAG received from the Board, members also expressed interest in waste handling, recycling, and resource management as possible areas for the next mandate. PSAG also stands ready to contribute any input that might be required in the context of the strategy discussions for the first GCF replenishment process.

39. In the first half of 2019, PSAG plans to initiate a new round of a call for experts as the terms of all current members end on 30 June 2019. This is, however, contingent upon the results of the review of Board committees, panels, and groups on the necessity of the continuation of PSAG.

5.3 Matters where specific guidance from the Board is sought

40. The Board is expected to decide if a new PSAG term (2019-2021) can be prepared under the current terms of reference, or under any adjusted terms of reference as might be suggested by the GCF review of Board committees, panels and groups.
41. The Board is invited to indicate future work areas and formulate specific mandates for PSAG.

5.4 Next steps

42. PSAG will contribute feedback on an ad hoc basis as the Secretariat prepares research in areas related to strategy, outreach, private sector engagement and other issues related to its mandate.
 43. In accordance with the guidance received from the Board regarding the above paragraphs 9 and 10, the Secretariat will organize the call of PSAG members for the next term.
 44. The Secretariat and PSAG Co-Chairs would like to thank all PSAG members and observers, in particular the private sector experts, for their highly valuable work for GCF, which they contributed on a voluntary basis.
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