



**GREEN
CLIMATE
FUND**

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Reports from committees, panels and groups 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 October to December 2016:

- (a) Accreditation Committee;
- (b) Accreditation Panel;
- (c) Ethics and Audit Committee;
- (d) Investment Committee;
- (e) independent Technical Advisory Panel;
- (f) Risk Management Committee; and
- (g) Budget Committee.

I. Introduction

1. This report covers the reporting period of October to December 2016, and also indicates activities planned to be carried out by the committees and panels of the Board of the Green Climate Fund (“GCF”) in advance of its fifteenth meeting (“B.15”).

II. Report on activities of the Accreditation Committee

2. The 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. The report addresses specific guidance from the Board requesting the AC to continue to elaborate on the draft strategy on accreditation in accordance with decision B.14/08, paragraph (b).

3. This report covers the reporting period of October to November 2016, and also indicates activities planned to be carried out by the AC of the Board.¹

2.1 Activities during the reporting period

4. The AC members met in October and discussed policy matters related to the accreditation. The AC Chair met with the Accreditation Panel (“AP”) in October and discussed issues related to:

(a) The recommendations of the draft Strategy on Accreditation, in particular the need to achieve balance and diversity of the accredited entity (“AE”) portfolio, and the need to streamline the process of accreditation;

(b) The role of the document in the further development of the accreditation framework; and

(c) The capacity of the AP to meet its various mandates.

5. The AC members considered the feedback received at the fourteenth meeting of the Board (“B.14”) from members of the Board and observers, and had one in-person meeting during the reporting period to further develop the strategy on accreditation, with the support of the Secretariat, following decision B.14/08, paragraph (b), which requested the AC to continue to elaborate on the draft strategy on accreditation for further consideration by the Board in consultation with the Secretariat, the AP and national designated authorities.

6. The AC members, with the support of the Secretariat, also continued the development of a policy document that addresses the current policy gaps in the accreditation framework, as mandated by the Board through decision B.13/28, paragraph (b), and taking into account feedback received during B.14. The AC members propose a change in the title of the document from "Policy document that addresses current policy gaps in the accreditation framework" to "Further development of the accreditation framework".

7. In line with decision B.07/02, paragraph (n), the AC also provided additional feedback as a part of the Secretariat’s consultations with the committee regarding the development of the GCF environmental and social management system and environmental and social policy. Additionally, some AC members recommended that the Secretariat conduct further consultations on the draft environmental and social management system and draft

¹ Decision B.12/20, paragraph (f), states that the Board requested “the committees, panels and groups of the Board to include the actions outlined in the Strategic Plan in their respective deliberations and work programmes, as appropriate, throughout the Initial Resource Mobilization period, and to present these work programmes for consideration at the thirteenth meeting of the Board”.

environmental and social policy with relevant stakeholders. The environmental and social management system and the environmental and social policy will be presented for the Board's consideration at its sixteenth meeting ("B.16").

2.2 Next steps

8. In the period after B.15, the AC plans to continue the further development of the strategy on accreditation for presentation at B.16.
9. The AC will continue to develop the document on the further development of the accreditation framework.

III. Report on activities of the Accreditation Panel

10. The report addresses the mandate given to the Accreditation Panel ("AP"), as per 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. Furthermore, 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).
11. The report covers the reporting period from October to the beginning of November 2016, and also indicates activities planned to be carried out by the AP¹ in advance of B.15.

3.1 Activities during the reporting period

12. During the reporting period, the AP held two formal virtual meetings, including one with the Secretariat, as well as three informal exchanges between members of the AP as a whole, along with numerous meetings focused on application reviews. Additionally, it held two virtual interviews and three in-person meetings with applicants during the Stage II (Step 1) accreditation review, in order to gain a better knowledge of each applicant and to clarify/discuss Stage II questions raised by the AP.
13. The AP has continued to focus on the assessment of entities that have applied for accreditation to the GCF and that have successfully completed Stage I as conducted by the Secretariat, taking into account the decision of B.14 concerning the prioritization of certain types of entities. External technical experts – in the form of independent and recognized professionals and a specialized consultancy firm – contracted by the GCF, have assisted the AP in its in-depth review of individual applications for accreditation. The AP has also reviewed evidence provided by already AEs pertaining to conditions and remarks endorsed by the Board at the time of their respective accreditation. Additionally, the AP reviewed one application from an accredited entity seeking to upgrade its accreditation type.
14. Of the 12 entities that entered Stage II (Step 1) before or during the reporting period (including the beginning of November 2016), the AP concluded its assessments and has made recommendations for entities which are being presented at B.15 for consideration by the Board, as contained in document GCF/B.15/16 titled "Consideration of accreditation proposals".
15. In line with decision B.14/08, paragraph (g), the AP continued to work on establishing a method to measure the baseline for individual accredited entities as well as for the whole portfolio of accredited entities in accordance with decision B.12/30. The progress on this work is contained in the annex to this document.
16. In line with decision B.07/02, paragraph (n), the AP also provided additional feedback as a part of the Secretariat's consultations with the AP regarding the development of the GCF

environmental and social management system and its environmental and social policy. Additionally, some Accreditation Committee members recommended that the Secretariat conduct further consultations on the draft environmental and social management system and the draft environmental and social policy with relevant stakeholders. The environmental and social management system and the environmental and social policy will be presented for the Board's consideration at B.16.

17. Finally, the AP has continued to work on a revised version of the accreditation review check lists, this being the main practical tool used in its assessment work, streamlining the original version, where possible.

3.2 Work programme of the Accreditation Panel

18. The accreditation process is ongoing, and the AP is continuing its review of accreditation applications that have completed Stage I, with the aim of providing recommendations on accreditation in line with GCF accreditation priorities for consideration by the Board at its subsequent meetings.

3.3 Matters where specific guidance from the Board is sought

19. In the consideration of the strategy on accreditation, the AP would appreciate further guidance from the Board on the following matters:

- (a) The potential role and eventual standing of export–import agencies and other specialized entities in the GCF financing framework;
- (b) The form and content of the GCF environmental and social performance standards, which will replace the interim standards as per decision B.07/02, paragraphs (c) and (d);
- (c) More generally – with the presently constituted AP moving into the final year of its initial three-year term as per decision B.07/02, annex V, paragraph (f) and decision B.08/20, paragraph (a) – the adequacy of the size, form and content of the recommendations on accreditation for each applicant that are annexed to document GCF/B.15/16 titled “Consideration of accreditation proposals”, presented for the Board’s consideration; and
- (d) The size and composition of the AP, and the balance between AP members and external technical experts, bearing in mind the likely forecasted workload and proven capacity to date.

IV. Report on activities of the Ethics and Audit Committee

20. The Ethics and Audit Committee (EAC), consisting of: Mr. Leonardo Martinez (Acting Chair), Mr. Omar El-Arini, Mr. Ayman Shasly, Ms. Ludovica Soderini, Ms. Esther Gonzalez Sanz and Mr. Nauman Bhatti, has provided guidance on an issue relating to a potential conflict of interest, since B.14.

4.1 Activities addressing the mandate of the committee

21. The EAC agreed, through electronic mail communications, to provide guidance on a potential conflict of interest to an active observer arising from her association with an accredited entity to the Green Climate Fund.

4.2 Next steps

22. One of the existing mandates of the EAC, adopted through decision B.09/03, is to recommend to the Board a draft Policy on Ethics and Conflicts of Interest for Active Observers. The EAC expects to submit a draft policy paper on the issue to B.16.

V. Report on activities of the Investment Committee

5.1 Report on Activities of the Committee

23. Since B.14, the Investment Committee (“IC”) has advanced its work on two terms of reference presented for consideration at B.15 as well as for indicative minimum benchmarks.

24. The IC has prepared the following documents for the Board’s consideration:

- (a) Terms of reference for the annual review of financial terms and conditions; and
- (b) Terms of reference for the review of the structure and effectiveness of the Independent Technical Advisory Panel.

25. The IC has also guided the development of a proposal for indicative minimum benchmarks toward the tentative B.17 document delivery.

26. Owing to time constraints, in particular for the lead-up to the twenty-second session of the Conference of Parties to the United Nations Framework Convention on Climate Change, the IC held a discussion by email on these documents and provided guidance and feedback to the Secretariat.

27. For the review of the structure and effectiveness of the independent Technical Advisory Panel (“iTAP”), the IC has discussed the scope of the review noting the direct linkages between the review and the review of the initial proposal approval process.

28. For indicative minimum benchmarks, the IC has agreed to a stepwise approach in order to progress the work, including an assessment against GCF approved projects and programmes, towards a simple and straightforward initial proposal. Expanded research and analysis, as well as continuous liaising with other active research efforts, is also planned. It is expected that a progress report will be presented at B.16 and an initial proposal of the indicative minimum benchmarks at B.17.

29. The IC would also like to bring to the attention of the Board to the significant capacity limitations in the Secretariat teams working on the project pipeline, the approvals process, IC priorities such as the development of indicative minimum benchmarks, and support to AEs both before and after the submission of funding proposals. Vacancies are particularly acute in the Division of Mitigation and Adaption. Whilst efforts are being made to fill posts, the Investment Committee would recommend that all efforts are made to fill remaining vacancies in an expedited and transparent manner.

5.2 Next Steps

30. The IC will meet in person prior to the start of B.15 to receive an update from the Secretariat on the work on the indicative minimum benchmarks, discuss the pipeline and provide further guidance to the Secretariat.

VI. Report on activities of the independent Technical Advisory Panel

6.1 Activities during the reporting period

31. The independent Technical Advisory Panel (“iTAP”) continued to review funding proposals and conducted its assessment based on the initial investment framework. Since the previous reporting period, the iTAP received 11 funding proposals (10 new proposals and one revised proposal) in total for assessment. The iTAP met in Songdo, Incheon, Republic of Korea, on 14 – 19 November 2016 and finalized the assessments of the 10 funding proposals. The assessment of one funding proposal was deferred due to lack of material project information.

32. In its assessment of the funding proposals, the iTAP continued to engage with the accredited entities. This was done through sending written questions and receiving responses as well as through a virtual call to present the assessment of the iTAP and a discussion on possible conditions and recommendations.

6.2 Matters where specific guidance from the Board is sought

33. The Board has guided the iTAP to enhance its dialogue with AEs in order to align and enhance understanding of the purpose of improving the quality of funding proposals and projects. Starting at the thirteenth meeting of the Board, the iTAP has implemented a new process under which the iTAP and AEs discuss iTAP findings and recommendations before the assessments are finalized. The iTAP finds the new process effective and the discussions with AEs constructive in general. Since such dialogue takes place only at the very end of the process, the iTAP assessment has to be finalized and published shortly afterwards (even within a few days) in order to meet the deadline. There is no time for the iTAP and AEs to enter into expert discussions to resolve disagreements, if any, and, to agree on the ways to improve the project before the next meeting of the Board.

34. In the event that the iTAP encounters a funding proposal that requires critical refinements, it would like to request the AE to invest additional time and resources to improve the funding proposal before seeking Board consideration. The iTAP will discuss the issues that require refinements in detail and prepare a work schedule with the AE on a suitable timing for Board consideration. There have been cases where the AE decided voluntarily to hold the submission of the funding proposal in order to address the iTAP comments and concerns. The iTAP found that the additional efforts of the AE contributed substantially to the improvement of the funding proposals and projects. In those cases, the iTAP was pleased to recommend that the Board consider the funding proposals favourably with few conditions. Based on those experiences, the iTAP is confident that the quality of funding proposals can be enhanced significantly, if AEs are prepared to invest additional time and resources in cooperation with the iTAP. The iTAP is mindful that such intervention should not undermine its independence and therefore it will be limited under special circumstances.

35. The lack of a clear work programme for each round of assessment remains of concern to the iTAP. The iTAP observes that more funding proposals are being forwarded to it with less time available for the assessment work. The iTAP wishes to enter into discussion with the Secretariat for the purpose of establishing an annual work programme at the beginning of the year. The work programme includes target deadlines for the submission of funding proposals based on the scheduled dates of Board meetings, which will be shared with AEs. Based on the annual work programme, the Secretariat and iTAP will prepare their respective work programmes. The work programme aims to provide AEs with sufficient time to plan in advance, prepare good quality funding proposals, and discuss project issues with the Secretariat and the iTAP.

36. As proposed in B.14, the iTAP wishes to supplement its capacity with external expertise in order to present the Board with a more comprehensive assessment covering issues critical

for GCF operation. Such issues include those relating to impact assessment, technology and gender.

37. The iTAP plans to hold an offsite retreat in early 2017:
 - (a) To discuss the iTAP contribution to the Strategic Plan for the GCF;
 - (b) To compile lessons learned from iTAP assessment work since the eleventh meeting of the Board; and
 - (c) To prepare a iTAP annual operational plan and a procedure to mobilize external expertise in an efficient manner.

VII. Report on activities of the Risk Management Committee

38. In decision B.12/34, the Board requested the Risk Management Committee (“RMC”), with support from the Secretariat, to prepare and present to the Board for its consideration, no later than the fifteenth meeting of the Board, an updated set of risk policies and guidelines that include internal risk ratings methodologies, which should consider a differentiation of risks between adaptation and mitigation.

39. In decision B.13/32 (a), the Board adopted the Interim risk and investment guidelines as contained in annexes IX and X. These guidelines will expire the earlier of: (i) the sixteenth meeting of the Board; or (ii) at the adoption of an updated set of policies and guidelines as determined by decision B.12/34.

40. In decision B.12/31 (d), the Board requested the Executive Director to regard the template Accreditation Master Agreement (“AMA”) as the basis for negotiations with accredited entities. The Executive Director will 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.

7.1 Report on Activities of the Risk Management Committee

41. After the fourteenth meeting of the Board, two formal sessions of the RMC were held via virtual call in November and December 2016. The purpose of these meetings was to discuss and provide guidance to the Secretariat on the mandates given by the Board, including: (i) Preparation of risk policies and rating methodologies; (ii); AMA consultation; and (iii) Risk Assessment Exercise for Funding Risk.

42. The main activities of the RMC during this reporting period included the consultation on the deferment of the submission of risk policies and guidelines to the Board. The RMC noted that the deferment made sense considering that the consultancy hiring process was delayed due to the extension of the RFP as well as the lack of capacity within the Secretariat.

43. Regarding the discussion on the AMA, the RMC agreed that there were no substantive changes made to the UNEP AMA other than those included in the UNDP AMA approved by the Board at B.14. It also noted an inconsistency in a provision on the independent certification of UNEP’s annual accounts and asked the Secretariat to clarify this with UNEP providing this information to the RMC. After having received such clarification, the RMC decided in its meeting of 1 December that the UNEP AMA could be submitted to the Board for approval of the substantive changes.

44. In its virtual meeting of 1 December, the RMC discussed the AMA agreed by the Secretariat with IDB and asked for clarification of certain provisions. It was agreed that RMC

members would send any comments by email to the Secretariat and could be further discussed, either via email or during the meeting to be scheduled on Sunday 11 December in Samoa.

45. The RMC noted with some concern the current status of AMA negotiations with the other MDBs. It encouraged the Secretariat to continue with the good work.

7.2 Next Steps

46. Another RMC session may be held during B.15 if deemed necessary.

VIII. Reports on activities and the work programmes of the Budget Committee.

47. The Board, at its eleventh meeting, under decision B.11/08, decided to establish a Budget Committee (BC) as a standing committee of the Board. At its twelfth meeting, the Board, by its decision B.12/37, adopted the terms of reference of the Budget Committee and appointed six Board members for its first term.

48. The BC will review and make recommendations on the annual administrative budget, financial reports and on the implementation of the finance, administrative and human resources operational policies.

49. The Committee is also expected to assist the Ethics and Audit Committee in relation to the annual audited financial statements of the GCF.

8.2 Report on Activities of the Budget Committee

8.2.2 Activities during the reporting period

50. Since the fourteenth meeting of the Board, the BC conducted one in-person meeting on 14 October following the conclusion of B.14, and two virtual meetings on 23 and 29 November. The Committee discussed a range of topics including:

- (a) Revision of the 2016 BC workplan
- (b) Human Resources/Staffing
 - (i) Status of Staffing of the Secretariat, and update on recruitment of additional staff
 - (ii) Long term consultancy contracts
 - (iii) Human Resource Guidelines (update)
- (c) Communications and outreach
- (d) Administrative Budgets
 - (i) Execution of the 2016 Administrative Budget
 - (ii) 2017 Administrative budget of the Green Climate Fund
 - (iii) Financial support to Civil Society Organisation Observers
- (e) Standard Operating Procedure for the Budget Committee

51. The members of the BC who served during the period are as follows:

- (a) Caroline Leclerc (chair)
- (b) Ludovica Soderini

- (c) Jose Delgado
 - (d) Dian Black-Layne
 - (e) Teimuraz Murgulia
52. Efforts are underway to identify a sixth member of the Budget Committee.

8.2.3 Human resources/Staffing

53. Regarding the status of staffing and the recruitment update, the Committee noted that with the objective of building a workforce of approximately 100 full time staff by 31 December 2016, 18 additional posts have been filled since B.14 bringing the total headcount to 78 staff, with an expected total of 85 by the end of the year. The shortlisted candidates for the Mitigation and Adaptation (M&A) and the Private Sector Facility (PSF) Director positions will take place during the week of 5 December.

54. The Budget Committee welcomed the secretariat's progress in staffing and growth, and noted the improvement in gender equality, particularly at the international professional staff level. Members raised significant concerns about the number of offers being declined and recent resignations. They noted the importance of continuing to explore measures to improve this situation.

55. The Committee took note that a review of the Human Resource Guidelines is underway, with the objective of making them more effective and relevant in the context of the Fund's efforts to attract and retrain qualified staff. An update on progress will be provided to the Board during B15 with a view to engage staff prior to returning to the Board for decision at B16..

8.2.4 Communications and outreach

56. There was further discussion on the topic of reinforcing the Communications and Outreach function. The Budget Committee is recommending a staged approach to strengthening the Secretariat's capacity for strategic communications and outreach, beginning with the creation and staffing of a post of Director of Communications and Outreach (IS8) to provide strategic direction and establish the function.

8.2.5 Administrative Budgets

57. The Budget Committee reviewed the report on the execution of the administrative budget at 31 October 2016 and requested clarification related to relatively low expenditure rates in certain areas and forecasted spending levels at year end. Satisfactory explanations were received from the Secretariat.

58. The Budget Committee reviewed the draft 2017 Administrative Budget at their meeting on 23 November and provided feedback to the Secretariat.

59. The draft included the budget for the three Independent Accountability Units (IAUs); the Independent Redress Mechanism; the Independent Integrity Unit; and the Independent Evaluation Unit. The Budget Committee considered the governance of the three units, particularly given the importance of preserving their independence. It concluded that it would be more appropriate for the full Board to consider and approve the work program and annual budget at this time to offer the Board full visibility into the IAUs initial work programs and budgets and clarify governance including the future role of the Budget Committee.

60. The Budget Committee considered the revised budget at their meeting on 29 November. Following clarification on a number of issues they recommend its approval to the full Board.

8.2.6 Financial Support to Civil Society Observers

61. The Budget Committee also considered the provision of GCF support for the participation of Civil Society Organisation (CSO) Active Observers in GCF Board meetings (e.g. travel, accommodations and other related expenses). Estimated costs for supporting the participation of CSO Active Observer from developing countries and the two alternates are \$22,000 per meeting.

62. The Budget Committee concluded that a Board decision on funding for the participation of CSO Active Observers would be needed before a budget allocation could be made.

8.2.7 **General rules for the operation of the Budget Committee**

63. The Budget Committee developed general rules for the operation of the Budget Committee, which are in line with the Terms of Reference for the Committee (attached).

Annex: Progress report on the development of baselines of accredited entities

I. General mandate

1. In decision B.11/10, the Board adopted the monitoring and accountability framework for accredited entities. Paragraph 35 of annex I to the decision states:

“In accordance with decision B.10/06, paragraph (j), to advance the goal of the GCF to promote the paradigm shift towards low-emission and climate-resilient development pathways in the context of sustainable development, the re-accreditation decision by the Board will take into account the Secretariat and Accreditation Panel’s assessment of the extent to which the accredited entity’s overall portfolio of activities beyond those funded by the GCF has evolved in this direction during the accreditation period.”

2. In decision B.14/08, paragraph (g), the Board requested the Accreditation Panel (“AP”) to report at the fifteenth meeting of the Board on progress made towards establishing a baseline for the whole portfolio of accredited entities (“AEs”) in accordance with decision B.12/30. This document provides a report by the AP on its progress towards establishing a baseline.

II. Potential indicators

3. In the opinion of the AP, the work required should assess and evaluate over time two related attributes of the overall portfolio of an AE and any other entity accredited in the future:

(a) The greenhouse gas (“GHG”) emissions directly associated with the assets it has financed, not just those attracting GCF finance, on the one hand; and

(b) The resilience to the climate change that those assets are expected to be exposed to, on the other.

4. In this way, the assessment should aim to demonstrate the contribution of each AE towards low-emission and climate-resilient development. The assessment should be done in such a way that the indicators could be aggregated across AEs.

III. Proposed Methodology

3.1 Mitigation

5. An AE is expected to contribute to the mitigation of climate change by among other things reducing its carbon footprint over time. All activities expected to result in GHG emissions, during both the period of investment as well as during operations should be included in the calculation of the emission reduction. The emission reduction calculations - calculated in relation to an appropriate counter-factual or a baseline - should be based on the methodologies currently regarded as the best industry practice for GHG accounting, including those of the GHG Protocol, the Clean Development Mechanism methodology, the Verified Carbon Standard, the Gold Standard, the EU Emissions Trading Scheme, and ISO 14064 (Part 1 and 2). It is proposed the calculations are measured in metric tonnes of carbon dioxide equivalent, per year, per USD 1,000 of asset value.

6. There are a number of conceptual issues that would need to be resolved in such an approach. For example, the calculation might be carried out over alternative time periods, e.g., full life cycle, the investment and operating period together or the investment period only. In turn, the calculation might be made in absolute terms or relative to the most likely alternative

investment or another comparator. There are advantages and disadvantages to using these methods, including in relation to the ease of calculation and the validity of the findings, which would need to be weighed up before reaching a final decision on of which approach to adopt.

7. Instead of measuring the GHG emissions related to an entity's investment portfolio - which could be time consuming, might require additional specialist skills to undertake, and possibly would produce debateable results - it might be preferable to focus on the climate characteristics of the portfolio in more general terms, such as the per cent of mitigation projects by value, given agreed definitions for a climate investment. Such an alternative would be easier to calculate, but arguably it does not provide the same degree of meaningfulness and robustness as a methodology based on GHG emissions estimates. The baseline exercise might be initiated with a classification approach, and GHG calculations might follow later once such an approach could be discussed, elaborated and tested.

3.2 Adaptation

8. The projects and programmes of some AEs are expected to contribute to the adaptation to climate change that inevitably will occur by financing investments that contribute to the resilience of existing assets (e.g. higher sea defences against storm surges and sea level rise) and/or that build in resilience to new assets (e.g. farming systems that incorporate water harvesting or drip irrigation technologies). Measuring portfolio performance in this respect does not lend itself to a quantitative, verifiable approach to the same degree as for mitigation.

9. For practical purposes, it is suggested that the following two considerations might be assessed at the time of accreditation and monitored over time to give an indication of AE performance in respect of adaptation:

(a) The first would focus on the process, and address the question whether and to what extent (depth and scope) the AE assesses vulnerability of its assets to climate change in terms of both design and operational practices; and

(b) The second would focus on the extent to which the AE invests in climate-resilient projects in their own right. The latter calculation might be limited to the incremental costs of incorporating adaptation considerations. In this case, a value of assets from such perspectives could be estimated from one period to another to give a quantifiable indicator over time.

IV. Reporting

10. In accordance with the monitoring and accountability framework, the extent to which an AE's overall portfolio of activities beyond those funded by the GCF has evolved in this direction during the accreditation period (five-year period) will be taken into account by the Secretariat and Accreditation Panel during re-accreditation.

11. Table 1 below are the proposed timeframes for the reporting of information related to paragraph 35 of the monitoring and accountability framework.

Table 1: proposed reporting timeframes regarding an AE's overall portfolio of activities

Information	Reporting timeframe
Baseline of AE's overall portfolio in accordance with the indicators outlined in section II 'Potential Indicators' above	Within six months of the decision to accredit the entity, or by mid-2017 for entities already accredited by the end of 2016
Evolution of the AE's overall portfolio in these respects during the five-year accreditation period	At the time of re-accreditation

V. Tools

12. In order to ensure an integrated approach for the GCF to collect information related to the AE's overall portfolio of activities, the various tools outlined in section V of the monitoring and accountability framework will be also be available for reporting on the baseline and portfolio during the accreditation period.

VI. Additional considerations and next steps

13. This subject has been dealt with by the multilateral development banks among others as part of their harmonization process, which can be of much value to the exercise at hand. Other organizations have done work in this area, and this work should also be reviewed.

14. The proposed methodologies for the above two areas (mitigation and adaptation) should be subject to broad, substantive – possibly targeted – public consultation, and the AP and the Secretariat should be prepared to adopt alternative approaches, if appropriate.

15. Consideration should be given to holding an informal brain storming exercise, with selected participants, and animated by an international expert (see below).

16. The preferred methodology should be assessed against, among other things, meaningfulness, understandability and ease of application. Initially, it should probably be applied on an interim (one year) pilot testing basis.

17. The AP proposes to seek the assistance of either internal or external experts to assist in the drafting of terms of reference defining the services of an expert to carry out the following steps:

(a) Phase I:

- (i) To define an approach, in view of the GCF's mission and objectives, results areas and current and likely future range of AEs in the portfolio - aided by a brain storming exercise - based on an assessment of good alternative methodologies suitable for GCF purposes, giving examples of a sample of mitigation and adaptation projects to illustrate how the methodologies would be applied;
- (ii) To develop a timeframe (from development of the methodologies, public consultations, official launch of the methodology). This might be a phased timeframe, recognizing the varying capacities of AEs and different sizes of AEs;
- (iii) To assist in the public consultation with the aim to improve the proposed methodologies and related implementation modalities; and

(b) Phase II:

- (i) To assist with applying the methodology, including to provide technical assistance to AEs to ensure that the exercise can be mainstreamed;
- (ii) To assist with building knowledge and awareness among various interested parties, including the Board, the Secretariat, the AP and the independent Technical Advisory Panel; and
- (iii) To track the exercise, assist in reporting and help refine the work over time.

Annex II: Standard Operating Procedure for Budget Committee

I. General rules for the operation of the Budget Committee

1. The Board, at its eleventh meeting, under decision B.11/08, decided to establish a Budget Committee as a standing committee of the Board, in accordance with paragraph 30 of the Rules of Procedure of the Board. At its twelfth meeting, the Board, by its decision B.12/37, adopted the terms of reference of the Budget Committee and appointed six Board members for its first term.

1.1 Membership

2. As specified in the Terms of Reference for the Budget Committee, it comprises:

- (a) Three developing country Board members or alternate Board members; and
- (b) Three developed country Board members or alternate Board members.

3. The Chief Finance Officer serves on the Committee as an ex officio member.

4. Members of the Budget Committee serve for a term of three years. If a committee member is unable to carry out her or his functions, or ceases to be a committee member, a new committee member from the same constituency will be appointed by the Board for the remainder of the original committee member's term.

1.2 Chairmanship

5. The Budget Committee appoints a Chair, from amongst its members by consensus;

6. The Budget Committee Chair serves for an initial term of 18 months; the Chair may continue for the remainder of the term with agreement of Budget Committee members for up to a total of 36 months;

7. If the Chair is not able to carry out her or his functions, or ceases to be a committee member, a new Chair will be appointed by the Committee from amongst the committee members for the remainder of the term;

8. With the support of the Secretariat and in accordance with the guidance provided by the Board, the Budget Committee Chair convenes, sets agendas for and facilitates committee meetings, and reports back to the Board on behalf of the committee, as required.

1.3 Operating procedures

9. The Budget Committee convenes its meetings as determined by its Chair.

10. [The Fund's travel policy will apply to the attendance by committee members of in-person committee meetings, as appropriate.]

11. Quorum is achieved when two-thirds of Budget committee members are present at a committee meeting.

12. The existence of quorum is confirmed by the Chair at the beginning of each meeting and in the event of the adoption of any committee meeting report or other record of the committee meeting.

13. Attendance at meetings of the Budget committee is limited to:

- (a) Committee members,
 - (b) One adviser per committee member;
 - (c) The Chief Financial Officer of the Secretariat, or their identified representative;
 - (d) Essential Secretariat support staff; and,
 - (e) Experts or other third-party representatives upon invitation by the committee Chair and on a case-by-case basis.
14. Budget Committee proceedings are not disclosed or otherwise made public unless decided so by the committee or as required by the Board or the Fund's information disclosure policy.
15. The Budget Committee reports back to the Board at the first Board meeting following a committee meeting, as necessary.

1.4 Role of the Secretariat

16. The Executive Director, or his/her delegate, may attend the meetings of the Budget committee in an advisory capacity.
17. The Secretariat coordinates and supports the work of the Budget committee, as needed, including drafting and submitting documents for consideration by the committee.
18. The Executive Director, the CFO, or his/her delegate, in consultation with the Chair, may propose items to be included in meeting agendas of the Budget Committee.
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