

Annex V: Mapping of Board decisions

1.1 Risk and Finance Committee mandates

1.1.1 Risk Management Framework and related

1. Except where otherwise indicated in this document, all existing mandates of the “Risk Management Committee” will be read as incumbent on the Risk and Finance Committee.

1.1.2 Mandates pertaining to external audit and the external auditor

2. With respect to the selection, nomination, evaluation and renewal of the External Auditor, as well as the performance of its functions and reporting lines, the following mandates are reallocated, as follows.

- (a) Terms of reference of the External Auditor (Decision B.08/18, Annex XXVII and Decision B.37/02(b), Annex II). Where the terms of reference of the External Auditor mention “Ethics and Audit Committee”, mandates are to be read as incumbent on the Risk and Finance Committee.
- (b) Recommendation to the Board on the appointment of an External Auditor to audit the annual financial statements of the Fund (Decision B.06/03, and Annex I). Where the terms of reference of the External Auditor mention “Ethics and Audit Committee”, mandates are to be read as incumbent on the Risk and Finance Committee, except in paragraph 70, which will be read as presented in Table 1 below:

Table 1

Paragraph 70: Current language	New reading
<i>70. The Ethics and Audit Committee, in consultation with the Executive Director, will make recommendations to the Board on the appointment of an External Auditor to audit the annual financial statements of the Fund and ascertain their accuracy, provide opinions and suggest improvements. The External Auditor, who will be operating according to internationally accepted audit standards, will report to the Ethics and Audit Committee and the Risk Management Committee directly, as appropriate, and will endeavour to consult the Executive Director, as appropriate, during the audit operations.</i>	<i>70. The Risk and Finance Committee, in consultation with the Executive Director, will make recommendations to the Board on the appointment of an External Auditor to audit the annual financial statements of the Fund and ascertain their accuracy, provide opinions and suggest improvements. The External Auditor, who will be operating according to internationally accepted audit standards, will report to the Ethics and Audit Committee and the Risk and Finance Committee directly, as appropriate, and will endeavour to consult the Executive Director, as appropriate, during the audit operations.</i>

1.2 Operations and Portfolio Committee mandates

1.2.1 Accreditation-related mandates

3. Where the following Board decisions mention “Accreditation Committee”, mandates are to be read as incumbent on the Operations and Portfolio Committee (OPC).

- (a) Changes to the screening requirements (Decision B.42/13(g) “Accreditation Matters”)
- (b) Review of the objectives, role, structure, governance and operational modalities of the Accreditation Panel in supporting Board decision-making under the revised Accreditation Framework (Decision B.42/13(q) “Accreditation Matters”)

- (c) Selection of the members of the Accreditation Panel (Decision B.39/05, Annex I terms of Reference of the Accreditation Panel)
- (d) Fiduciary standards (Decisions B.14/01(f) and B.23/15)b))

1.2.2 Mandates pertaining to investment framework and related

4. Where the following Board decisions regarding the GCF investment framework and financial instruments mention “Investment Committee”, mandates are to be read as incumbent on the Operations and Portfolio Committee.

- (a) GCF investment framework (Decision B.39/17(c) “Independent evaluation of GCF’s Investment Framework”).
- (b) Financial instruments (Decision B.33/14(d) “Second review of the GCF’s financial terms and conditions”
- (c) Policy on concessionality (Decision B.33/14(b) “Second review of the GCF’s financial terms and conditions”)

1.2.3 Review of the independent Technical Advisory Panel

5. Where the following Board decisions regarding the review of the independent Technical Advisory Panel mention “Investment Committee”, mandates are to be read as incumbent on the Operations and Portfolio Committee (OPC).

- (a) Decision B.40/04 “Reports from Board committees, panels and groups”
- (b) Decision B.39/04 “Reports from Board committees, panels and groups”
- (c) Decision B.28/03(d) “Review of the structure and operations of the independent Technical Advisory Panel”

1.2.4 Mandates pertaining to the Independent Evaluation Unit

6. Regarding the endorsement of the three-year rolling workplans and annual work programme of the Independent Evaluation Unit prior to consideration by the Board, “Risk Management Committee” is to be read as “Operations and Portfolio Committee” (Decision B.40/14(e) “Work programmes and budgets of the independent units for 2025–2027”).

7. Regarding the provision of “Supervisor” role for the performance evaluation of the Head of the Independent Evaluation Unit, the role of the Co-Chairs will be replaced by “two Representatives (both developed and developing country constituencies) of the Operations and Portfolio Committee (OPC) will assume the Supervisor role for the Head of the Independent Evaluation Unit (IEU).” (Decision B.BM-2020/04, Annex II “Performance Evaluation System for Board-Appointed Officials”, at paragraph 5). For exact wording, see Table 2.

Table 2: Performance Evaluation System for Board-appointed officials (B.BM-2020/04, Annex II)

Paragraph 5: Current language	New reading
To effectively manage the performance of Board-Appointed Officials and support the implementation of the methodology and processes set forward in this document, the creation of a Supervisor role is needed. As Board-Appointed Officials report to various Committees and Board Members for the	To effectively manage the performance of Board-Appointed Officials and support the implementation of the methodology and processes set forward in this document, the creation of a Supervisor role is needed. As Board-Appointed Officials report to various Committees and Board Members for the

<p>execution of their work, the POC would benefit from nominating “supervisors” who will ensure ongoing communication and feedback, and who would support an effective performance evaluation system for Board-Appointed Officials. Looking at the existing relationships between incumbents and the Board, the Co-Chairs will assume the supervisor role for the Executive Director (ED) and Head of the Independent Evaluation Unit while 2 Representatives (both developed and developing country constituencies) of the Ethics and Audit Committee (EAC) will assume the Supervisor role for the Heads of the Independent Integrity Unit (IIU) and Independent Redress Mechanism (IRM). The Supervisor(s) will therefore assist the POC in monitoring performance of the ED and the Heads.</p>	<p>execution of their work, the POC would benefit from nominating “supervisors” who will ensure ongoing communication and feedback, and who would support an effective performance evaluation system for Board-Appointed Officials. Looking at the existing relationships between incumbents and the Board, the Co-Chairs will assume the supervisor role for the Executive Director (ED). Two Representatives (both developed and developing country constituencies) of the Ethics and Audit Committee (EAC) will assume the Supervisor role for the Heads of the Independent Integrity Unit (IIU) and Independent Redress Mechanism (IRM) and two Representatives (both developed and developing country constituencies) of the Operations and Portfolio Committee (OPC) will assume the Supervisor role for the Head of the Independent Evaluation Unit (IEU). The Supervisor(s) will therefore assist the POC in monitoring performance of the ED and the Heads.</p>
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1.3 Mandates relating to foreign exchange management

1.3.1 Hedging

8. No change to hedging mandates where references to “Budget Committee” and “Risk Management Committee” will read, respectively, “Budget Committee” and “Risk and Finance Committee” (See Decisions B.34/22 (e) and (f), B.19/04(a)(iii)).

1.3.2 Foreign Exchange management framework / Local currency

9. The allocation of mandates contained in decisions B.39/03 and B.36/16 have been described in Tables 3 and 4 below.

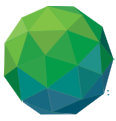
Table 3: Local currency / Foreign exchange management framework (Decision B.39/03)

Current language	New reading
<p>The Board: <i>a. Recalls</i> decision B.36/16, which requested the Secretariat to develop, under the guidance of the Investment Committee, a framework that specifically addresses the scope and criteria for local currency financing pilot projects, with particular attention to, inter alia, additionality, direct access entity eligibility, implications to the GCF balance sheet and commitment authority, and cost of all-in concessionality for each project/programme utilizing local currency financing;</p>	<p>“Investment Committee” to read “Operations and Portfolio Committee, in consultation with the Risk and Finance Committee”</p>

<p><i>b. Takes note</i> of the progress made by the Investment Committee and the Secretariat in developing a framework addressing the scope and criteria for local currency financing, particularly the focus of the Investment Committee on understanding the GCF's existing GCF/B.39/19 Page 4 foreign exchange exposure and the range of foreign exchange risk mitigation instruments including hedged and unhedged options;</p>	<p>n/a</p>
<p><i>c. Also takes</i> note of the need to strengthen the risk management capacity and internal treasury function of the GCF in order to implement a Foreign Exchange Management Framework for its financing to developing countries;</p>	
<p><i>d. Requests</i> the Secretariat to undertake further analysis and report to the Investment Committee on: The GCF's existing foreign exchange exposure in its financing to developing countries; The risks and costs of different foreign exchange risk mitigation instruments and their likely implications on the design of such instruments, taking into account potential impacts on end beneficiaries of GCF financing, including hedged and unhedged options; and The progress of strengthening GCF's risk management regarding foreign exchange exposure; and</p>	<p>"Investment Committee" to read "Risk and Finance Committee"</p>
<p><i>e. Also requests</i> the Secretariat, under the guidance of the Investment Committee, to develop a Foreign Exchange Management Framework for its financing to developing countries, cognizant of the work of the Risk Management Committee on foreign exchange risk and the need to ensure impactful investment across different regions, for consideration by the Board at its forty-first meeting.</p>	<p>"Investment Committee" to read "Operations and Portfolio Committee, in consultation with the Risk and Finance Committee"</p> <p>"Risk Management Committee" to read "Risk and Finance Committee"</p>

Table 4: Local currency financing pilot programme (Decision B.36/16)

Current language	New reading
The Board, having considered document GCF/B.36/16 titled “Consideration for a Local Currency Financing Pilot Program”:	
a. Takes note of the ongoing work by the Secretariat and the Investment Committee, as well as comments by Board members at the thirty-sixth meeting of the Board, to develop a local currency financing pilot programme that addresses current barriers and risks associated with currency fluctuations at the programme/project level as mandated by decision B.33/14;	“Investment Committee” to read “Operations and Portfolio Committee”
<i>b. Also takes note</i> of the approaches listed in annex V that can be used to support local currency financing;	
<i>c. Requests</i> the Secretariat to develop, under the guidance of the Investment Committee, a framework that specifically addresses the scope and criteria for local currency financing pilot projects, with particular attention to, inter alia, additionality, direct access entity eligibility, implications to the GCF balance sheet and commitment authority, and cost of all-in concessionality for each project/programme utilizing local currency financing, and to provide the framework for consideration by the Board at its thirty-seventh meeting;	“Investment Committee” to read “Operations and Portfolio Committee, in consultation with the Risk and Finance Committee”
<i>d. Also requests</i> the Secretariat to continue to explore, under the guidance of the Investment Committee, financing approaches under “Approach B” for local currency financing as set out in annex V, taking into account the framework developed under paragraph (c), for consideration by the Board at its thirty-seventh meeting;	“Investment Committee” to read “Operations and Portfolio Committee, in consultation with the Risk and Finance Committee”
<i>e. Reaffirms</i> decision B.34/22, paragraph (e), pursuant to which the Secretariat is requested, in consultation with the Budget Committee with respect to any related budgetary implications, to explore the mitigation of the wider emerging financial risks outlined in section II of document GCF/B.34/13 and to present to the Board any recommended action for its consideration; and	Budget Committee: No change
<i>f. Requests</i> the Secretariat, in consultation with the Budget Committee with respect to any related budgetary implications, to	Budget Committee: No change



<p>explore the wider application of decision B.19/04, paragraph (a) (iii), on the foreign exchange commitment risk buffer to allow it to be used to support margin calls on the Fund in connection with the deployment of the local currency financing approaches set out in annex V, with a view to the Investment Committee and, if applicable, the Risk Management Committee, making a recommendation to the Board for its consideration no later than its thirty-ninth meeting.</p>	<p>“Investment Committee” to read “Risk and Finance Committee, in consultation with the Investment Committee”</p> <p>“Risk Management Committee” to read “Risk and Finance Committee”</p>
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