

Green Climate Fund



Establishment of the Independent Secretariat



GCF/B.02-12/07

8 October 2012

Meeting of the Board

18-20 October 2012

Songdo, Republic of Korea

Agenda item 10

Recommended action of the Board

It is recommended that the Board:

Takes note of the information presented in document GCF/B.02-12/07 *Establishment of the Independent Secretariat*.

Establishment of the Independent Secretariat

I. Introduction

1. The secretariats of the United Nations Framework Convention on Climate Change (UNFCCC) and of the Global Environment Facility (GEF) took the necessary administrative steps to set up the Interim Secretariat of the Green Climate Fund as an autonomous unit within the UNFCCC secretariat premises to provide technical, administrative and logistical support to the Board until the independent Secretariat is established. The services of the Interim Secretariat are scheduled to conclude no later than December 2013, when an independent Secretariat, headed by an Executive Director, is established in the host country selected by the Board.
2. At its first meeting in Geneva, Switzerland, on 23-25 August 2012, under agenda item 7, the Board considered documents GCF/B.01-12/05 and GCF/B.01-12/06, and “requested the Interim Secretariat to prepare a working document for the next Board meeting on how to address the issues relating to the establishment of the independent Secretariat, addressing the issues raised at this Board meeting”.
3. This document responds to that request and is provided to the Board for information, not requiring a decision. The document aims at giving the Board an overview of the substantive scope of work required to establish the independent Secretariat. Once appointed, the Executive Director will consider, under the guidance of the Board, further details concerning the establishment of the independent Secretariat.
4. Annex II of the document on the work plan of the Board (GCF/B.02-12/03) outlines matters the Board will consider regarding the establishment of the independent Secretariat.

II. Areas of work to establish the independent Secretariat

5. At the broadest level, the following elements of establishing the independent Secretariat will need to be put into place by the Executive Director, under the guidance of the Board:
 - (a) Legal framework for the Fund;
 - (b) Human resource policies and practices;
 - (c) Financial management policies and practices; and
 - (d) General administration.
6. The establishment of the independent Secretariat would be addressed in the work plan of the Board (GCF/B.02-12/03) and would be supported by the proposed administrative budget of the Fund (GEF/B.02-12/06).
7. An important task in the next months will be to recruit the Executive Director as discussed in document GEF/B.02-12/08. Once in place, the Executive Director would be authorized to hire and supervise staff and consultants and enter into contracts for activities approved by the Board as part of the Secretariat’s budget.
8. The Executive Director will seek the guidance of the Board on matters laid out in this document, where necessary. Prior to the appointment of the Executive Director, the Interim Secretariat will commence work on key policies, under the guidance of the Board.

2.1 Legal framework for the Fund

9. The Interim Secretariat will provide support to the Board on matters pertaining to the legal status of the Fund, privileges and immunities and the establishment of the institutional, administrative and operational framework of the Fund.
10. The host country selection process is currently underway, as presented in document GEF/B.02.12/04. Matters relating to the conferral and/or recognition of the juridical personality and legal capacity of the Fund are being reviewed in the context of each candidate country's offer. A host country agreement and/or other legal arrangements may be required to ensure such conferral and/or recognition.
11. Arrangements will be needed to ensure that the Fund will have the necessary privileges and immunities in its host country and other countries. In addition, it will be necessary to establish the corporate structure and institutional, legal and operational framework for the Fund. Extensive legal work will be required for that purpose.

2.2 Human resource policies and practices

12. Once appointed, the Executive Director will undertake work on establishing human resource policies and procedures that comply with best international practice. The following section outlines some of the matters that will need to be considered as part of these policies and procedures.
13. The most critical aspect of human resource policies before recruitment commences is the establishment of the compensation system, that is, a salary pay-scale. The benefit package that accompanies the compensation pay scales will need to consider the following:
 - (a) Annual leave;
 - (b) Official holidays;
 - (c) Insurance benefits;
 - (d) Pension or a retirement scheme;
 - (e) Education grants;
 - (f) Expatriate premiums;
 - (g) Child allowance; and
 - (h) Tax treatment in the host country.
14. The independent Secretariat will also need to consider options for a travel policy for staff members.

2.3 Financial management policies and practices

15. The independent Secretariat will need to provide oversight of the financial management of the Fund. Functions that will need to be considered include the adoption of key performance indicators, asset and liability strategies, a fiduciary control framework, multi-year budget and cash flow projections, resource mobilization and audit management.

2.4 General administration

16. Once appointed, the Executive Director will carry out the work on how to effect the transition of administrative functions from the Interim Secretariat to the independent Secretariat.

17. The Fund will need to plan for its headquarters to accommodate its workforce, as well as provide the facilities necessary for its work. The host country will play an important role in helping the new organization find suitable office space. Questions to research involve land concessions, financing, contributions from the host country, possible co-location with other key players and security.

18. Other administrative items that will need to be considered include business continuity management, information technology services and insurance.
