

Green Climate Fund

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# Progress Report on the Administrative Policies and Guidelines of the Independent Secretariat

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**GCF/B.05/11**

30 September 2013

**Meeting of the Board**

8-10 October 2013

Paris, France

Agenda item 6 (b)

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## Recommended action by the Board

It is recommended that the Board:

- (a) Takes note of the information presented in document GCF/B.05/11 *Progress Report on the Administrative Policies and Guidelines of the Independent Secretariat*;
- (b) Provides guidance to the Secretariat on the administrative policies and guidelines addressed in this document; and
- (c) Adopts the draft decision presented in Annex I to this document.

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## Progress Report on the Administrative Policies and Guidelines of the Independent Secretariat

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### I. Introduction

1. At its June 2013 meeting, through decision GCF/B.04/03, the Board:
  - (a) *Approved the following hybrid option as the basis for the administrative framework for the Fund:*
    - (i) *Privileges and immunities for the Fund's staff to be established consistent with paragraph 8 of the Governing Instrument, with reference to those provided to the International Fund for Agricultural Development and other international financial institutions that operate effectively internationally through appropriate bilateral and multilateral agreements; and*
    - (ii) *The Fund's administrative policies, including for human resources, procurement, travel and finance, are to be based on those used by the Asian Development Bank;*
  - (b) *Requested the Interim Secretariat to undertake work on obtaining administrative support from another organization to facilitate the transition from the Interim Secretariat to the independent Secretariat, for consideration and adoption by the Board at its September 2013 meeting;*
  - (c) *Further requested the Interim Secretariat to initiate work on the Fund's administrative policies based on the hybrid option, and advance work as rapidly as possible and report on progress to the Board at its September 2013 meeting;*
  - (d) *Authorized the Executive Director to develop the necessary administrative guidelines for the operations of the independent Secretariat based on the direction provided by the Board.*
2. This document responds to the request in paragraphs (c) and (d) above, and provides a report on progress made so far. It should be considered in conjunction with document GCF/B.05/10 *Initial Structure and Staffing of the Secretariat*. It also reports on the results of actions taken by the Secretariat relating to paragraph (b) above, which, however, has not progressed in a way that would require Board consideration at this stage.

### II. Progress made

#### 2.1 Privileges and immunities

3. The Interim Secretariat has continued its work on options on how best to secure the privileges and immunities for the Fund and its officials consistent with paragraph 8 of the Governing Instrument. The privileges and immunities of the International Fund for Agricultural Development (IFAD) are associated with the United Nations Laissez Passer (UNLP), which can be used globally as a travel document by officials that fall under these privileges and immunities. The UNLP is a valuable document, as it ensures that all officials are equally able to

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perform their functions in all countries,<sup>1</sup> which is particularly important for officials from developing countries and operations in some developing countries. Thus, efforts continue to be focused on exploring with the United Nations under which terms and conditions privileges and immunities at least equivalent to those associated with the UNLP could be extended to the Fund and its officials, and the Interim Secretariat informally consulted legal experts on this matter.

4. The basic instruments establishing the United Nations' authority to issue UNLPs are the 1946 Convention on the Privileges and Immunities of the United Nations (General Convention) and the 1947 Convention on the Privileges and Immunities of the Specialized Agencies (CPISA). Section 24 of the General Convention provides that the United Nations may issue UNLPs to its officials and that it should be recognized and accepted by the Members of the United Nations as a valid travel document. Section 26 of the CPISA provides that officials of the specialized agencies are also entitled to use UNLPs in conformity with administrative arrangements concluded between the United Nations and the specialized agencies concerned.

5. One way of securing the necessary privileges and immunities for the Fund and its officials would be to enter into bilateral agreements with those States where it operates or maintains offices, and/or prepare a multilateral agreement which would be proposed to States and would enter into force upon ratification by a required number of State parties. Such bilateral or multilateral agreements would define the privileges and immunities which the Fund and its officials would enjoy in the territory of a State parties to the agreement and may provide either for recognition of the UNLP or a separate travel document. This approach is referred to in decision GCF/B.04/03, paragraph (a) (i). Currently, neither the General Convention nor the CPISA are applicable to the Fund.

6. There are two basic options for securing privileges and immunities for the Fund and its officials that include issuance of the UNLP, which require further consideration and exploration:

- (a) One option would be to seek an institutional linkage with the United Nations similar to the linkage between the United Nations Framework Convention on Climate Change (UNFCCC) secretariat and the United Nations. Under such an arrangement, the relevant privileges and immunities of the General Convention would be applicable to the Fund;
- (b) Another option is to enter into a relationship agreement with the United Nations. There are precedents by which the officials of some organizations may be issued the UNLP outside of the framework of the General Convention or the CPISA, as long as there is a legal basis for the privileges and immunities and a relationship agreement has been approved by the UN General Assembly.

7. The options mentioned in paragraph 6 above require further analysis and discussions. Therefore, it is suggested to seek a formal legal opinion from the United Nations Office of Legal Affairs on these matters. The option of bilateral and multilateral agreements could be pursued in parallel by legal experts of the independent Secretariat.

## 2.2 Administrative policies and guidelines

8. Immediately after the June 2013 Board meeting, the Secretariat approached the Asian Development Bank (ADB) to request the full administrative documentation needed to establish the Fund's administrative policies and guidelines. Since this included confidential documents, the ADB requested the Interim Secretariat to sign a memorandum of undertaking on confidentiality. This instrument was signed on 31 July 2013.

9. Following this agreement, the Interim Secretariat received a number of documents covering the full range of administrative areas, including human resources, finance,

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<sup>1</sup> The UNLP ensures equal treatment, irrespective of nationality, with respect to visa requirements, which for some States dispenses the need for a visa or in others allows for simplified issuance of visa. It also serves as a document that clearly demonstrates to national authorities the legal status and the privileges and immunities of the holder.

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procurement and general services. These documents provide the basis for developing administrative guidelines of the Fund, taking into consideration the particular situation of the independent Secretariat, such as its functions, structure and the location of its headquarters.

10. Consultants have been hired to work on the full range of administrative guidelines. These guidelines will be developed in stages, giving priority to the crucial and urgent rules which are necessary to initiate the establishment of the independent Secretariat, in particular the recruitment of staff.

### 2.3 Service provider

11. The Interim Secretariat also conducted work on searching for an organization that can provide administrative support. To this end, a list of areas of activities was drawn up on which support can be provided from an external partner.

12. As a potential partner, the ADB was approached and requested to consider the possibility of providing direct administrative support. Upon considering the request by the Interim Secretariat, the ADB replied that it will not be in a position to provide such administrative support. It, however, indicated its willingness to assist the Secretariat, as much as practicable, in setting up administrative services. Such support would include sharing of relevant policy/administrative documents and provision of experts to help GCF Secretariat in setting up the administrative system.

13. The possibility of seeking support from other international organizations already established in Songdo, Republic of Korea, was also explored. However, since these organizations are small branch offices that rely on their respective headquarters for administrative support, they do not have the required capacity to provide such services to the GCF Secretariat. Nevertheless, the Secretariat will continue looking into areas of common interest through which it can benefit from concerted approach in obtaining common services with these organizations.

14. At the same time, the Secretariat developed terms of reference containing a similar set of activities with the intention of searching for commercial entities, to provide administrative services that require expertise which is best outsourced (e.g. health insurance, pensions, etc.)

### 2.4 Preparation of Fund's headquarters offices

15. Work on the preparation of Fund's new offices in Songdo was initiated. An office designer was selected and work was started on the design, internal construction and partitioning of offices and work stations, including equipment and furnishing, interior decoration and displaying the Fund's logo in a visible manner, with a view to putting everything in place by the end of November or beginning of December, in time for the opening ceremony.

16. The Government of the Republic of Korea proposed 4 December 2013 as the date for the opening ceremony of the Fund's headquarters. The Executive Director agreed to work with the relevant authorities of the host country with this target date in mind and to define milestones and a timeline for implementation.

17. The host Government appointed a liaison team located in Songdo to work closely with the Interim Secretariat. This will speed up the administrative and logistic work, including the timely delivery of goods and services that need to be in place in the coming months.

### 2.5 Information and communication technology services

18. The information and communication technology (ICT) service function is one of the key support functions for the successful functioning and operation of the Fund. Work has been

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carried out to define the ICT requirements for the independent Secretariat, which ensure an effective, efficient, flexible, scalable and sustainable delivery of ICT services.

19. The initial ICT team will address the identified short and medium-term needs that essential for the successful start of the operations. When making the technical and architectural choices for the ICT services, it is important that the Fund takes advantage of the latest innovations in technology and service-delivery methodologies to ensure best business value for the Fund. An ICT service roadmap was prepared to enable the Fund to receive and utilize quality, state-of-the-art, scalable and reliable ICT services at transparent costs and in a timely and sustainable manner. A summary of this ICT roadmap is presented in Annex II.

### III. Next steps

#### 3.1 Privileges and immunities

20. The Interim Secretariat will continue liaising closely with the United Nations. It plans to seek a legal opinion from the Office of Legal Affairs of the United Nations on whether, and if so, under which circumstances, the Fund might qualify for:

- (a) An institutional linkage between the United Nations;
- (b) A relationship agreement with the United Nations under which the officials of the Secretariat and other persons associated with the Fund can make use of the UNLP.

21. It will also draft legal templates for bilateral agreements and a multilateral agreement that could help secure the privileges and immunities for the Fund and its officials to be able to operate effectively internationally. This would include a draft host country agreement to be concluded with host countries of Board meetings that provide the necessary privileges and immunities for the Fund, Board members and alternate members and Secretariat officials.

#### 3.2 Administrative policies and guidelines

22. The documentation required to make the secretariat fully functional involves considerable number of administrative guidelines, followed by internal processes and workflows that will take time to be finalized beyond the date of the establishment of the independent Secretariat. For this reason, the Interim Secretariat is preparing these documents in stages, based on ADB's Administrative Orders.

##### 3.2.1 Stage 1: Basic administrative policies and guidelines

23. The most urgent task is to finalize the guidelines that are required to initiate the process of the recruitment of staff. These include:

- (a) Human resources guidelines that comprise, among others, rules relating to appointments and separations; compensation and benefits, types of leave entitlements, and insurance and pension;
- (b) Financial guidelines that include budget approval and execution, treasury functions, accounting and payment procedures, and procurement and delivery of general services.

24. The basic policies, upon which the guidelines will be developed, will be submitted to the Board for approval between meetings on a no-objection basis.

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**3.2.2 Stage 2: Administrative processes and workflows**

25. Based on the guidelines, administrative processes and workflows required to make the GCF Secretariat operational are also being developed. These include, but are not limited to, the establishment of an enterprise resource planning (ERP) system, internal delegation of administrative and financial authorities, setting up accounting structures, procurement processes and delivery of general services.

26. Work on these was already started, and is expected to be finalized by the end of 2013.

**3.2.3 Stage 3: Fine-tuning and improvements**

27. Further work will be done in 2014 on more elaborated procedures and matters that are not essential in the initial phase. Most of this work will comprise the fine-tuning of guidelines and workflows. It may also include the preparation of guidelines relating to conflict resolution, career development, outsourcing of some support services, and other similar matters.

**IV. Transitional arrangements**

28. As indicated above, developing a detailed set of guidelines on a full range of administrative areas will take some time. In some cases, the guidelines may have to be developed or improved, based on actual experience. In case routine administrative issues that require decisions are raised before the finalization of the guidelines, relevant ADB Administrative Orders may be used as a basis, adapted as necessary, taking into account the location and needs of the Secretariat.

29. Given resource constraints and the limited number of Secretariat staff, the Secretariat will promote, in all areas and for all five divisions, team work and multi-tasking to enhance the effectiveness and impact of the Secretariat's work, while being mindful of the paramount importance of avoiding any potential or perceived conflict of interest. Appropriate measures to address any such conflict of interest will be taken as a matter of priority.

30. Once the Board approves the administrative budget and decides to establish the independent Secretariat, the Executive Director will take measures to build the support services expertise needed, in line with document GCF/B.05/10 *Initial Structure and Staffing of the Secretariat*, ensuring appropriate continuity. The Secretariat will also continue searching for external service providers to potentially outsource relevant administrative services. The objective is to build reliable administrative machinery that effectively supports the operations of the Fund.

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## Annex I: Draft decision of the Board

The Board, having considered document *GCF/B.05/11 Progress Report on the Administrative Policies and Guidelines of the Independent Secretariat*:

- (a) Approves with immediate effect, in accordance with the Governing Instrument, the establishment of the GCF Secretariat, as the fully independent secretariat foreseen in paragraph 19 of the Governing Instrument;
- (b) Authorizes the Executive Director to take all necessary actions and to make, on behalf of the Fund, necessary arrangements and contracts to facilitate the establishment and operations of the GCF Secretariat in the Republic of Korea in order to allow the Fund to perform its functions;
- (c) Authorizes the Executive Director to recruit, pending selection of staff through competitive procedures and their recruitment according to decision [B.05/xx – to be adopted under agenda item 6 (a)], on a short-term temporary basis, staff and experts to assist her in her functions;
- (d) Requests the Secretariat to seek a legal opinion of the Office of Legal Affairs of the United Nations on whether, and if so, under which circumstances, the Fund might qualify for: (i) an institutional linkage with the United Nations; and (ii) a relationship agreement with the United Nations under which the officials of the Secretariat and other persons associated with the Fund can make use of the United Nations Laissez Passer;
- (e) Takes note of the plan for the preparation of the administrative policies and guidelines of the Secretariat, as presented in Section 3.2 of document GCF/B.05/11; and
- (f) Requests the Executive Director to promulgate all administrative guidelines based on the authorization given to her through decision GCF/B.04/03, and to submit to the Board, for its approval, policies that require its consideration.

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## Annex II: Summary of information and communication technology service roadmap

### I. Categories of information and communication technology solutions/services

1. The following are the main categories of ICT services envisaged:

#### 1.1 Standard ICT office productivity solutions/services

2. Standard ICT office productivity solutions/services are essential for the functioning of any organization. They have reached a high level of standardization and maturity and can to a great extent be provided through external ICT vendors (with reduced operational involvement of internal staff). These solutions/services can be divided into the following categories:

- (a) Local area network services, including wired and wireless connections, network operation, Internet connectivity and related services (e.g. network security);
- (b) Server infrastructure, domain servers, user authentication, DHCP servers, DNS servers, file/storage servers and possibly VMware (virtualisation) servers;
- (c) Telephony, video and web-conferencing services (unified communication), including the integration and operation of different components;
- (d) Desktop (laptops/PCs) and associated office software acquisition, setup, deployment, maintenance/support and associated technology refresh services; and
- (e) Office and ICT productivity tools and services, such as email, printing, basic document management and collaboration tools.

#### 1.2 Generic business support ICT solutions/services

3. These solutions and associated services are linked to the support of the business functions, processes and operations of an organization and are common to most organizations. With a coherent, standard ICT architecture, the Secretariat could obtain such solutions/services through partner organizations or from vendors on the market. Most of these generic business support ICT solutions/services will, to some degree, need to be configured or customized to suit the Fund's business processes and operations. The following are the main generic business support IT solutions/services:

4. **Enterprise Resource Planning (ERP):** An ERP is a vital tool/service for the functioning of an organization, as it integrates dispersed organizational systems. ERPs normally come as suites of modules which can cover a number of functionalities, but should at least be able to provide:

- (a) Financial accounting;
- (b) Travel;
- (c) Human resources;
- (d) Procurement; and
- (e) Contact management.

Some ERPs could also include project management, client relationship management and other modules as part of their suites. As the Secretariat is exploring the possibility of receiving administrative support from other organizations, it would possibly need to adapt to their

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specific ERP if such a support option is chosen. The GCF Secretariat would need to select its own ERP solution/service if the administrative services are going to be delivered internally by the GCF Secretariat or if no suitable partner solution/service can be identified.

5. **Enterprise Content Management (ECM):** ECM systems are used to capture, manage, store, preserve, and deliver content and documents related to an organization's processes. ECM solutions/services would allow the GCF Secretariat to manage its unstructured information, wherever that information exists. The following are typical components of a modern ECM solution/service:

- (a) Document and record management;
- (b) Image processing;
- (c) Workflow/business process management (BPM);
- (d) Web content management (WCM);
- (e) Social content; and
- (f) Extended content (e.g. digital asset management).

6. **Project Portfolio Management (PPM):** PPM is the continuous process of identifying, selecting and managing a portfolio of projects or programmes in alignment with the key performance metrics and strategic business objectives of an organization. ICT solutions/services for project portfolio management would enable the GCF Secretariat to:

- (a) Manage and control all types of projects, programmes and portfolios;
- (b) Improve visibility and insight to enhance decision making; and
- (c) Effectively communicate and collaborate with stakeholders.

7. **Customer Relationship Management (CRM):** For the GCF Secretariat, a CRM solution/service that supports the following activities should be targeted:

- (a) Relationship/contact management (for all stakeholders);
- (b) Campaign and event management; and
- (c) Integration possibility with standard ICT solutions/services (e.g. telephony) and some of the generic business ICT solutions/services.

### 1.3 Special business ICT solutions/services

8. For those business requirements which are unique to the Fund and which generic business support ICT solutions/services cannot support, special ICT solutions/services may need to be developed. These solutions/services might be required to meet specific operational needs (e.g. an online accreditation system), and security, monitoring or control requirements. The specific business requirements and associated analysis of those requirements will determine how specific special business ICT solutions/service will need to be designed, sourced, implemented, operated and managed.

9. **Financial management phase 1:** The Fund requires a phased, modular asset liability and credit risk management solution that facilitates its role as a financing institution dealing with both public and private entities. Such a solution/service should support the following activities:

- (a) Contribution management;
- (b) Financial, grant and loan management;
- (c) Financial disbursements;
- (d) Project lifecycle;

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- (e) Thematic portfolio tracking;
  - (f) Thematic result reporting;
  - (g) Credit and financial risk; and
  - (h) Asset liability management.

10. **Financial management phase 2:** The Fund also requires phased, modular asset liability and credit risk management solutions that would facilitate the Fund's greater sophistication of financial instruments in the future. Such a solution/service should be able to support:

- (a) Guarantees,
- (b) Insurance; and
- (c) Equity.

## II. Information and communication technology service delivery options

11. For the different categories of IT solutions/services, the following key delivery options are available to the GCF Secretariat:

### 2.1 Delivery of standard IT solutions/services through external outsourcing vendors

12. The location for the new headquarters of the GCF Secretariat in Songdo benefits from a unique location with an assumed high-quality ICT infrastructure. The GCF Secretariat could take advantage of this unique state-of-the-art ICT infrastructure and related services (e.g. telephony, video-conferencing, managed desktop and network environment, managed data-centres, managed e-mail services, etc.).

### 2.2 Cooperation with partner organizations

13. This ICT service delivery option applies to some generic and special business ICT solutions/services where partner organizations have implemented similar IT solutions/services which could be utilized by the GCF Secretariat. In case the GCF Secretariat would receive administrative services from another partner organization, it would most probably need to adapt the specific ERP system of the partner organization. If the partner's ERP solution is selected, the possibility of delivery of ICT services for this solution through the partner organization could be explored where not too limiting.

14. In other cases, existing special business ICT solutions/services of partner organizations might be a starting point for the GCF Secretariat to develop (or customize) its own special business ICT solutions/services. The selection of a business support ICT solution/service would be based on an agreement with a partner organization and the results of a costs-benefits analysis.

### 2.3 Utilization of host country's or other ICT framework contracts

15. The local ICT framework contracts or other ICT framework contracts established by the host country could be used, if they already exist. If the Fund can utilize such framework contracts, it could potentially shorten the implementation and delivery time of the associated ICT solutions/services and would provide the Fund with potentially preferable price conditions which it otherwise might not be able to obtain.

## 2.4 Outsourced managed ICT solutions/services

16. The scope of this delivery option could be the outsourcing of both the development and the operation of ICT solutions (including business-continuity/disaster-recovery arrangements) and associated services. This delivery option goes beyond the managed standard ICT solutions/services and covers all outsourced managed ICT solutions/services. The Fund might obtain these through the utilization of the host country’s or partner organizations’ ICT framework contracts or those that could be acquired through procurement processes yet to be established.

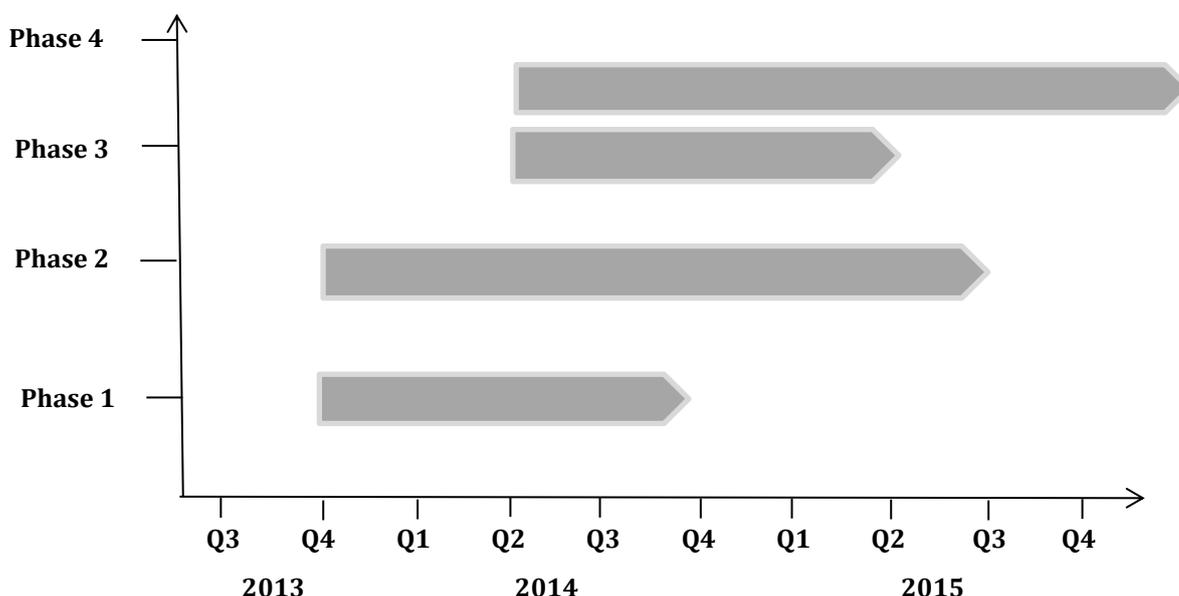
17. The establishment of these outsourced managed ICT solutions/services, if not already available as “off-the-shelf” ICT solutions/services, might differ in terms of costs and complexities. In order to minimize high customization, development and maintenance costs, the Fund should, wherever possible, target “off-the-shelf” or standard ICT solutions/services and configure them to the needs of the Fund (to the extent possible). The custom development of ICT solutions should be limited to those cases where no established “off-the-shelf” solution exists or where these solutions do not meet critical requirements. Avoiding custom development of ICT solutions/services (to the extent possible), would enable the Fund to establish and utilize special business ICT services at high quality levels and in a sustainable manner, without the need to have substantial in-house development teams to establish, maintain, operate and deliver such solutions and associated services.

## 2.5 In-house provision of ICT solutions/services

18. In order to reach high levels of scalability, flexibility and efficiency, the ICT organization of the GCF Secretariat should aim to minimize the build-up of internal ICT technical personnel in favour of professionally managed outsourced ICT services with clear and robust service level agreements, where feasible. The delivery option of total in-house provided ICT solutions/services is recommended as a last resort for the GCF Secretariat and to be considered where outsourced and managed ICT solutions/services are either not available or do not fulfil key requirements. Even when in-house service delivery needs to be selected, the outsourcing of some of its components should still be considered.

### III. Information and communication technology service roadmap timeline

19. The following is the timeline envisaged for the ICT service roadmap:



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- (a) **Phase 1 (4<sup>th</sup> quarter 2013 – 3<sup>rd</sup> quarter 2014):**
- (i) Developing basic ICT architecture for standard ICT solutions/services;
  - (ii) Obtaining standard/commodity/productivity ICT solutions/services (e.g. unified communication, email, basic collaboration and document management);
  - (iii) If a standard ICT solution/service cannot be provided directly, then host country's or partner organization's ICT framework contract should be utilized to obtain those services from local/international vendors. If this is not possible, those services should be procured by the GCF Secretariat;
  - (iv) Finalizing service contracts for standard ICT solutions/services;
  - (v) Establishing ICT organizational structure, governance and strategic plan;
  - (vi) Outsourcing managed solutions and associated services should be utilized for standard ICT solutions/services, wherever feasible; and
  - (vii) Conducting a business ICT risk/security assessment.
- (b) **Phase 2 (4<sup>th</sup> quarter 2013 – 2<sup>nd</sup> quarter 2015):**
- (i) Developing basic ICT architecture for generic ICT business solutions/services;
  - (ii) Establishing generic business ICT solutions/services (e.g. ERP, CRM, DMS, PPM, ECM; Collaboration), starting with an ERP;
  - (iii) Considering obtaining ERP services from a partner organization (if administrative services are obtained from that partner organization);
  - (iv) Procuring and establishing ICT service contracts for remaining generic business support ICT solutions/services. Where feasible, local, host country's or partner organization's ICT framework contracts should be utilized;
  - (v) Implementing managed solutions and associated services should be utilized for generic business ICT solutions/services, wherever feasible; and
  - (vi) Conducting a business ICT risk/security assessment.
- (c) **Phase 3 (2<sup>nd</sup> quarter 2014 - 2<sup>nd</sup> quarter 2015):**
- (i) Developing a comprehensive ICT architecture;
  - (ii) Developing a disaster-recovery/business-continuity framework and solutions (based on results of the ICT risk/security assessment); and
  - (iii) Conducting a business ICT risk/security assessment.
- (d) **Phase 4 (2<sup>nd</sup> quarter 2014 - 4<sup>th</sup> quarter 2015):**
- (i) Establishing special business ICT solutions/services (portfolio prioritization for specialized solutions/services need to be driven by business priorities);
  - (ii) Developing ICT policy framework; and
  - (iii) Conducting a business ICT risk/security assessment.
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