

Green Climate Fund

Report of the Fifth Meeting of the Board, 8-10 October 2013

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Meeting of the Board

8-10 October 2013

Paris, France

Agenda item 19

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Report of the Fifth Meeting of the Board, 8-10 October 2013

Agenda item 1: Opening of the meeting, adoption of the agenda and organization of work

1. The meeting was opened by the Co-Chairs on 8 October 2013. On behalf of the Board, they thanked the Government of France for its generous hospitality in hosting the meeting.
2. The Co-Chairs welcomed new Board members and alternate members.
3. The Co-Chairs also welcomed the four active observers to the meeting: Mr. Brandon Wu (Action Aid International) and Ms. Meenakshi Raman (Third World Network) from civil society organizations (CSOs) and Mr. Abyd Karmali (Climate Markets and Investment Association (CMIA)) and Ms. Gwen Andrews (World Business Council for Sustainable Development (WBCSD)) from the private sector organizations (PSOs).
4. The Co-Chairs further welcomed Ms. H la Cheikhrouhou, the Executive Director, who took office on 9 September 2013.
5. After the Co-Chairs established that there was a quorum, the Board adopted the agenda as set forth in document GCF/B.05/01 *Provisional Agenda*, amended as follows:
 1. Opening of the meeting, adoption of the agenda and organization of work
 2. Adoption of the report of the fourth meeting
 3. Report on activities of the Co-Chairs and the Interim Secretariat
 4. Business model framework
 5. Logo of the Fund
 6. Establishment of the independent Secretariat
 7. Committees and panels
 8. Readiness and preparatory support
 9. Administrative policies of the Fund
 10. Arrangements between the Conference of the Parties and the Fund
 11. Resource mobilization
 12. Report to the Conference of the Parties
 13. Work plan of the Board until the end of 2014
 14. Status of resources
 15. Administrative budget for 2014
 16. Arrangements with the Interim Trustee
 17. Other business
 18. Election of the Co-Chairs
 19. Report of the meeting
 20. Closure of the meeting
6. A Board member requested an update on the progress of the preparation of the Fund's communication strategy under agenda item 17 (Other business).

7. A Board member requested that the name plate placed in front of him in the Board meeting room include the name of the constituency that the Board member is representing.
8. The Co-Chairs announced that agenda item 18 (Election of the Co-Chairs) will be taken up in closed executive session.
9. The Co-Chairs reminded the Board that, at the fourth Board meeting, there was a request by a Board member to invite the Multilateral Fund for the Implementation of the Montreal Protocol to take up observer status with the Fund. However, when the relevant decision was amended and adopted, the Multilateral Fund was not added, although there was no objection. The Co-Chairs asked the Board to extend the invitation to the Multilateral Fund to take up observer status with the Fund. The Board adopted the following decision:

DECISION B.05/01

The Board:

Decides to amend paragraph (b) of decision B.04/15 by inserting “the Multilateral Fund for the Implementation of the Montreal Protocol” after “the Adaptation Fund”.

10. The Co-Chairs requested the Interim Secretariat to invite the Multilateral Fund to accept the invitation and participate as observer in the meeting.

Agenda item 2: Adoption of the report of the fourth meeting

11. The Co-Chairs drew the attention of the Board to the draft report of the fourth Board meeting (document GCF/04/Drf.02 *Draft Report of the Fourth Meeting of the Board, 26-28 June 2013*). The Board adopted the following decision:

DECISION B.05/02

The Board:

- (a) *Adopts the report of the fourth meeting, contained in document GCF/B.04/Drf.02;*
- (b) *Agrees to publish it on the Fund’s website (document GCF/04/18 Report of the Fourth Meeting of the Board, 26-28 June 2013).*

Agenda item 3: Report on activities of the Co-Chairs and the Interim Secretariat

12. The Co-Chairs presented a verbal report on their activities. They reported that, in the period since the fourth Board meeting, the Co-Chairs have worked to progress matters in accordance with the Board decisions taken at its fourth meeting.
13. The Co-Chairs reported that they had provided guidance to the Interim Secretariat on the development of documents and meeting logistics for the fifth Board meeting and overseen the preparation of a decision between meetings on accreditation of observer organizations.
14. The Co-Chairs reminded the Board that they had provided the Board with an update on the progress of its work between meetings and had been in continued contact with many Board members and alternate members to consult on a range of matters, including on documents and on preparations for this meeting.
15. Following the Board decision to select Ms. H la Cheikhrouhou as the inaugural Executive Director, the Co-Chairs have worked with a search firm to finalize her contract. Ms. Cheikhrouhou officially took office on 9 September 2013.

16. The Co-Chairs informed the Board that they have been working with the Executive Director on a number of matters, including the establishment of the independent Secretariat, and the business model framework documents.

17. The Co-Chairs reported that they had sent a note verbale to the Republic of Korea on behalf of the Fund, advising that all internal procedures of the Fund have been completed for the entry into force of the Headquarters Agreement, in accordance with Article 20 (5) of the Headquarters Agreement. This information was circulated to Board members on 20 August 2013. The Headquarters Agreement entered into force on 27 August 2013.

18. In response to the Secretariat's notification of 20 August 2013 to the Board of the Co-Chairs' intention to notify the Republic of Korea of the Fund's completion of legal requirements to bring the Headquarters Agreement into force, the Board member from the United States provided a written statement construing the notification to be subject to the no-objection procedure between Board meetings. He stated that, in paragraph (c) of its decision B.01-13/04, the Board authorized the Co-Chairs only to sign, on behalf of the Fund, the Headquarters Agreement, but did not specifically authorize the Co-Chairs to provide a reply notification, in accordance with Article 20(5) of the Headquarters Agreement. He noted his country's view that authorization to provide a reply notification required a separate Board decision, and accordingly, his country's interpretation of the Secretariat's notification as initiating a no-objection procedure within a one-week period as per paragraph 41 of the Rules of Procedure of the Board. In addition, he stated his disagreement with the view expressed in the legal analysis prepared by the Interim Secretariat that the initial Board authorization to sign the Headquarters Agreement also included the authority to provide the reply notification of completion of the requirements for entry into force. The Co-Chairs also informed the Board that the Caribbean Development Bank and Deutsche Gesellschaft für Internationale Zusammenarbeit (GIZ) hosted a workshop on readiness and preparatory support, which was held on 11-12 July 2013, in Bridgetown, Barbados. The outputs from that workshop are available on the Fund's website and they also informed the document on readiness and preparatory support prepared for this meeting. Two Board members asked whether the information provided by the Co-Chairs will be available in writing, and the Co-Chairs confirmed that it will be recorded in the report of the meeting.

21. The Board took note of the information provided by the Co-Chairs.

22. A representative of the Interim Secretariat introduced document GCF/B.05/Inf.02 *Report on Activities of the Interim Secretariat*.

23. Two Board members expressed their appreciation for the work of the Interim Secretariat in preparing the documents for this meeting.

24. A Board member asked whether the communication between the Interim Secretariat and the Office for Legal Affairs of the United Nations was official. A representative of the Interim Secretariat explained that the communication has so far been informal, and that it will be formalized if the Board takes a corresponding decision. One Board member requested that all such communication be shared with the Board.

25. A Board member requested that the decisions taken between meetings be placed on the agenda of the following meeting. In his reply, a representative of the Interim Secretariat drew the attention of the Board to paragraphs 41-44 of the Rules of Procedure of the Board, which set forth the procedure in such cases, by which the decisions taken between meetings are recorded in the report of the following meeting if there was no objection and placed on the agenda of the next meeting if there was an objection. The Co-Chairs announced that they will engage with the Interim Secretariat to see how to address this matter in an appropriate manner.

26. The Board took note of document GCF/B.05/Inf.02, covering the activities of the Interim Secretariat undertaken between 29 June and 16 September 2013.

Agenda item 4: Business model framework

A. Objectives, results and performance indicators and

B. Results management framework

27. The Co-Chairs introduced agenda sub-item 4 (a). They made reference to the discussion on the results management framework (agenda sub-item 4 (b)) in the informal meeting that took place on 7 October 2013, and noted the interlinkage between these two sub-items.

28. The Executive Director noted that result areas cannot be universally applicable, and that, therefore, the Fund should be in a position to offer a broad menu of options to include priority areas for all countries. If important result areas were not identified initially, they could be added later on in a flexible manner. She pointed out that having result areas would nonetheless be important in order to guide the work of the Fund.

29. A Board member stated that initial result areas should be flexible and adaptable to the circumstances of each country, and that it should also be considered that some of these matters, including REDD+, are still being negotiated in the context of the United Nations Framework Convention on Climate Change (UNFCCC).

30. The Co-Chairs responded that some areas would require further work, but that the Board's decisions should not impede progress in other arenas.

31. Some Board members stated that performance indicators on a national basis could not be accepted, that more information on available resources would be needed in order to make an informed decision on result areas, and that policy indicators are still lacking in the proposed set of indicators.

32. A Board member noted that initial result areas and associated criteria may partly be addressed in the context of sustainable development, including energy access for the poor.

33. The Executive Director explained that the Board should be able to work on result areas even while negotiations take place on other levels. She stated that there would be a need to link country-level activities and investments to the goal and objectives of the Fund and that result areas will demonstrate this link. Many details of the results management framework will, however, have to wait until 2014.

34. A Board member responded to the statement made by the Executive Director and confirmed that climate change is not waiting for negotiations to conclude, hence other negotiations in different fora should not hinder the Board's work.

35. A Board member proposed a merged land-use management result area, connecting the two similar proposed result areas. He also stated that further analysis of the expected impact of the Fund might not be a priority at this point in time.

36. Another Board member highlighted the idea that policy-relevant indicators should in the future become part of the results management framework of the Fund and that the success of low-emission approaches would hinge on policies. He referred to the broad consensus achieved at G-20 that harmful subsidies should be eliminated. The Board member also confirmed commitment to an impact-oriented approach and that impact will be crucially affected by the policy environment. However, sovereignty of each country should be respected as a priority.

37. A Board member mentioned his opposition to carbon offsets and reforestation result areas due to concerns about environmental integrity.

38. A Board member then stated that carbon dioxide should not become the single metric as other gases are equally important.

39. The Co-Chairs suggested merging the initial result areas, the overall performance indicators, the guidance on the impact analysis and the approach to the results management framework into a single decision. The Co-Chairs proposed to establish a team of eight Board members/alternate members (Mr. Jan Cedergren, Mr. Nicholas Dyer, Mr. Anton Hilber, Mr. David Kaluba, Mr. Adam Kirchknopf, Mr. Ziqiang Liang, Mr. Tosi Mpanu Mpanu and Ms. Adriana Soto) to work on the draft decision and report back to the Board. The Board accepted the proposal of the Co-Chairs.
40. Ms. Soto, on behalf of the team, reported back to the Board on 9 October 2013, and presented the draft decision on objectives, results and performance indicators of the Fund, containing an annex with initial result areas, and an annex with performance indicators of the initial result areas of the Fund.
41. The Board discussed different aspects of the draft decision. One Board member asked to call the initial result areas initial indicative result areas. Another Board member requested to reintroduce REDD+ as a result area and also the corresponding performance indicator.
42. The CSO active observer from Action Aid International stated that a gender-sensitive approach is important, that large-scale power generation would need to be complemented by an additional item on small-scale power generation and that any items relating to geo-engineering should be removed. He also suggested the addition of an item on food security.
43. The Co-Chairs summarized the comments made by Board members and proposed changes as a response to comments, or, where that was not possible, requested Board members with different views to discuss their differences and find a solution.
44. Following the consultations, Board members agreed to reintroduce an initial result area relating to REDD+, and the Board discussed the corresponding performance indicator. However, as no consensus on such a performance indicator was possible, it was not included in the decision.
45. Following the discussion, the Board adopted the following decision:

DECISION B.05/03

The Board:

- (a) *Recalls decision B.04/04, paragraph (a), in which it noted convergence that the Fund will have a strategic focus on climate change mitigation and adaptation, and also seek to maximize sustainable development;*
- (b) *Recalls decision B.04/04, paragraph (b), in which it reaffirmed that country ownership will be a core principle of the business model framework of the Fund and that countries will identify their priority result areas in line with their national strategies and plans;*
- (c) *Notes convergence that ownership and access to Fund resources could be enhanced by inclusion of indicators capturing country-driven policies that have the potential to promote a paradigm shift towards low-emission and climate-resilient development pathways in the context of sustainable development as set out in the Governing Instrument;*
- (d) *Further notes convergence on key criteria that may be considered through the results management framework when measuring performance of Fund activities, where appropriate, in addition to the core performance indicators, including potential for paradigm shift towards low-emission and climate-resilient development pathways; development co-benefits; environmental co-benefits; potential for replication and scalability; cost-effectiveness; avoidance of lock-in to high-emission, low climate-resilient alternatives; and finance mobilized from non-public sources;*

- (e) *Adopts the initial result areas of the Fund, as contained in Annex I to this document, as initial areas of funding, in order to enable low-emission and climate-resilient development pathways;*
- (f) *Adopts the initial performance indicators of the Fund, as contained in Annex II to this document;*
- (g) *Decides that the Fund's results management framework will:*
- (i) *Enable effective monitoring and evaluation of the outputs, outcomes and impacts of the Funds' investments and portfolio, and the Fund's organizational effectiveness and operational efficiency;*
 - (ii) *Include measurable, transparent, effective and efficient indicators and systems to support Fund's operations, including, inter alia, how the Fund addresses economic, social and environmental development co-benefits and gender sensitivity;*
- (h) *Further decides that the Fund, as a continuously learning institution, will maintain the flexibility to refine its results management framework, result areas and performance indicators, based on Fund experience in implementation and monitoring, and as evaluation outcomes become available, and that the lessons learned will feed back into the design, funding criteria and implementation of Fund activities, based on results;*
- (i) *Further decides that the Fund will assess project and programme proposals in each result area using the same impact indicators;*
- (j) *Further decides that national and sector-wide indicators will be used only at the discretion of the recipient country;*
- (k) *Further decides that in designing a logical framework for results management, the Fund will develop indicators to measure the impact of the Fund on strategic improvements at a country level;*
- (l) *Further decides that in designing its results management framework, the Fund will use the experience of other relevant entities, and, where appropriate, align the framework and indicators with existing best practice models;*
- (m) *Requests the Secretariat to develop, for consideration by the Board at its second meeting in 2014, a detailed operational results management framework of the Fund, based on the initial result areas and core performance indicators and key criteria decided upon by the Board, taking into account the methodologies set out for illustrative purposes in Annex II of document GCF/B.05/03, input from technical expert bodies and the reporting capacity of countries;*
- (n) *Further requests the Secretariat to develop additional result areas and indicators for adaptation activities for consideration by the Board at its first meeting in 2014.*

C. Financial inputs

46. The Co-Chairs introduced the agenda sub-item, making reference to the discussion on document GCF/B.05/04 *Business Model Framework: Financial Inputs* in the informal meeting that took place on 7 October 2013.

47. Several Board members commended the work of the Interim Secretariat on the document, indicating that it is a good basis for discussion.

48. A Board member highlighted the matters relating to the different types of inputs. He stressed that it was important to allow for flexibility when receiving contributions and stated that grant contributions are important, but that all other types of contributions are important as well. He suggested that further work was needed in relation to contributions that refer to the Private Sector Facility (PSF) and the type of instruments needed.

49. The Executive Director provided clarification on the idea of cross-subsidization as mentioned in the draft decision. She indicated that the risk of cross-subsidization would de facto be part of the risk management framework of the Fund. She made reference to the proposed structure of the Secretariat and the expertise that would be needed to manage this and other risks.

50. A Board member stated that clarity was needed on how cross-subsidization would be dealt with. He indicated that, at this time, there was no need to have a detailed risk management framework. Another Board member also acknowledged that cross-subsidization of contributions was an important matter that could be feasibly managed. He stressed that, in order to reach scale, a diversity of financial inputs was needed. Specifically, he made reference to concessional loans as an input that would enable the Fund to achieve scale, further noting that risks associated with such inputs were technically complex but resolvable.

51. A Board member requested clarity on the implications of receiving capital contributions. The Executive Director clarified that capital contributions to the Fund would not give way to preferential terms or voting rights, adding that such contributions will not have an impact on the governance of the Fund.

52. A Board member suggested that non-concessional loans also be considered by the Board. Further to this, several Board members reiterated the need to allow a variety of inputs. Some Board members asked for specific paragraphs of the Governing Instrument to be quoted in the revised draft decision, while other Board members stressed that the Board needed to go beyond reiterating provisions contained in the Governing Instrument and make its provisions operational.

53. The CSO active observer from Action Aid International emphasized that, in the initial phase, the Fund should only allow grant inputs before there is a clear understanding of the implications of accepting non-grant inputs. He made reference to the fact that other public funds do not allow cross-subsidization between contributions and stated that contributions should not be earmarked and should not come with any conditions or claims over the assets of the Fund.

54. Based on the inputs made by the Board, the Co-Chairs introduced a revised draft decision. Several Board members commented on the proposed text.

55. The Executive Director provided a clarification of a matter relating to the Trustee and its role in the consideration of receiving different types of financial inputs.

56. A Board member suggested the inclusion of the reference to the PSF in the draft decision. Another Board member asked for a specific text in relation to cross-subsidization to be included in the draft decision. Some Board members asked for an inclusion of a specific reference to developed country Parties to the Convention in the draft decision.

57. A Board member requested further clarification to be included in the draft decision with regard to the capital contributions and the fact that they should not be conducive to special voting rights. Another Board member agreed that it was not adequate to link contributions to governance and was hence not supportive of any reference to voting rights.

58. The Co-Chairs requested that the report of the meeting captures the request of a Board member to clarify that the intention of paragraph 14 of document GCF/B.05/04 was not to suggest or be interpreted in such a way that capital contributions would lead to preferential terms or voting rights.

59. Several Board members expressed their concerns in relation to the development of options to attract alternative sources of financial inputs and the need for the Fund to remain open to receiving different types of inputs in the future.

60. Following the discussion, the Board adopted the following decision:

DECISION B.05/04

The Board, having reviewed document GCF/B.05/04 Business Model Framework: Financial Inputs:

- (a) Notes that the Fund will receive financial inputs from developed country Parties to the Convention;*
- (b) Further notes that the Fund may also receive financial inputs from a variety of other sources, public and private, including alternative sources;*
- (c) Decides that the Fund will maintain the flexibility to receive financial inputs on an on-going basis;*
- (d) Decides that the Fund will receive grants from public and private sources, and paid-in capital contributions and concessional loans from public sources, and may receive additional types of inputs at a later stage to be decided by the Board;*
- (e) Requests the Secretariat to include the specific risks associated with accepting concessional loans to the Fund, including the risk of cross-subsidization, when developing the Fund's risk management framework and investment strategy;*
- (f) Requests the Secretariat to prepare a document for understanding and defining alternative sources of financial inputs to the Fund for consideration by the Board at its second meeting in 2014;*
- (g) Requests the Secretariat to initiate discussions with the Interim Trustee to identify appropriate arrangements for receiving financial inputs;*
- (h) Notes convergence on the importance of the relationship between the terms and conditions of financial instruments and the types of financial inputs received by the Fund.*

D. Allocation

61. The Co-Chairs introduced the agenda sub-item. A representative of the Interim Secretariat introduced document GCF/B.05/05 *Business Model Framework: Allocation*.

62. A Board member emphasized that the allocation framework should enable the Fund to achieve a paradigm shift, and that such a shift should be linked to achieving a transformative impact. The implication of this would be an allocation system that considers the ex-ante contribution to a paradigm shift. He further highlighted that the concept of paradigm shift should comprise three areas: (a) contribute to long-term, sustained change, (b) scaling up - sector, regional or economy-wide; and (c) a learning experience. Additionally, he emphasized the importance of investment criteria. These criteria would, at least, comprise the contribution to a paradigm shift, contribution to co-financing, leverage or co-benefits and a risk assessment that would take into consideration the depth of country ownership of proposed activity. He suggested that such a proposal be taken into consideration by the Secretariat when developing the resource allocation system of the Fund.

63. Another Board member stressed that the use of allocation floors was essential in the case of adaptation. He further noted the need for the establishment of set-asides. Several Board members reiterated the usefulness of having allocation floors for adaptation and ceilings for mitigation.

64. A Board member stressed that having a gender-balanced approach when developing the allocation system was also important.

65. Another Board member suggested that there was a need to have a clear link between the resource allocation system and the results management framework. He stated that country

allocation should not be excluded. The link to results management framework was also made by other Board members.

66. Several Board members suggested that it was important for the resource allocation system to remain under review. There was also convergence on the need to have a special focus on adaptation, in order to make sure that there was a balanced approach between adaptation and mitigation. Several Board members also emphasized the challenge of developing clear quantitative parameters for vulnerability and adaptation activities, suggesting that it could be easier to do so through a country approach. Many Board members emphasized that allocation should focus on results.

67. The CSO active observer from Action Aid International stated that the civil society organizations agreed with allocation on theme/activity basis, equally split between mitigation and adaptation windows. He also emphasized that the PSF should be seen as a tool for pursuing the goals of mitigation and adaptation windows and should not need a separate allocation. In the context of mitigation, quantification should not only be guided by greenhouse gas reductions but deviation from business as usual and seen from a country perspective. With regard to adaptation, he mentioned that allocation should be on a needs basis. He suggested that the CSOs would like to see a set-aside for small grants.

68. The PSO active observer from CMIA stressed that, in order to avoid disincentivizing the private sector, it was important to encourage greater financial participation by the private sector in all of the Fund's activities, and not just those of the PSF. Public and private capital need not to be in competition. He emphasized the importance of recognizing the ability of the PSF to generate additional financial inputs by mobilizing private capital. He referred to a recent example of how a partial risk guarantee of US\$ 35 million enabled the Overseas Private Investment Cooperation to provide more than US\$ 300 million of loans raised via bond placements to institutional investors to three solar project developers in Peru.

69. Based on the discussion, the Co-Chairs introduced a revised draft decision for consideration by the Board.

70. A Board member requested clarification of the what was meant by due diligence as contained in the revised draft decision. The Co-Chairs clarified that this was meant to be tantamount to review.

71. Several Board members expressed that the reference to a paradigm shift in the draft decision needed to be understood in the context of sustainable development. They also stressed that it was important for the Secretariat to take into consideration the views expressed by Board members when developing the resource allocation system of the Fund.

72. A Board member stressed that it was important to consider the specific risks associated with supporting private sector activities. Another Board member indicated that it was not clear if the PSF was an instrument or an objective.

73. The Co-Chairs requested two Board members/alternate members (Mr. Dipak Dasgupta and Mr. Matthew Kotchen) to work together to resolve the outstanding matters in the draft decision and report back to the Board.

74. Mr. Kotchen reported back to the Board on the positive outcome of their discussion. He informed that they had discussed the possibility of establishing a panel composed of Board members and experts to develop a resource allocation system of the Fund, but concluded that this was not necessary. They agreed that the Secretariat should make every effort to involve the Board in the development of the resource allocation system, and circulate to the Board a draft of such allocation system in advance of it being presented at the second Board meeting in 2014.

75. Following the discussion, the Board adopted the following decision:

DECISION B.05/05

The Board, having reviewed document GCF/B.05/05 Business Model Framework: Allocation:

- (a) Decides that the Fund will adopt a theme/activity-based approach to the allocation of resources in order to meet the Fund's objectives;*
- (b) Decides that the Board will keep the allocation system under review with the intention of improving it over time;*
- (c) Decides that the Fund will initially make allocations under adaptation, mitigation and the Private Sector Facility, and that there will be balance between adaptation and mitigation and the appropriate allocation of resources for other activities;*
- (d) Decides that, in relation to adaptation, resources will be allocated based on:
 - (i) the ability of a proposed activity to demonstrate its potential to adapt to the impacts of climate change in the context of promoting sustainable development and a paradigm shift;*
 - (ii) the urgent and immediate needs of vulnerable countries, in particular LDCs, SIDS and African States;**
- (e) Decides that, in relation to mitigation, resources will be allocated based on the ability of a proposed activity to demonstrate its potential to limit and reduce greenhouse gas emissions in the context of promoting a paradigm shift;*
- (f) Decides that, in relation to the Private Sector Facility, resources will be allocated based on the contribution a proposed activity makes towards promoting a paradigm shift and to:
 - (i) Directly and indirectly finance private sector mitigation to limit and reduce greenhouse gas emissions and adaptation to the impacts of climate change activities;*
 - (ii) Promoting the participation of private sector actors in developing countries, in particular local actors, including small and medium-sized enterprises and local financial intermediaries, and activities to enable private sector involvement in SIDS and LDCs;**
- (g) Requests the Secretariat to develop and present to the Board at its second meeting in 2014 a resource allocation system, based on this decision and taking into consideration the views expressed by the Board, that facilitates:
 - (i) Cross-cutting proposals;*
 - (ii) A results-based approach;*
 - (iii) A country-driven approach;*
 - (iv) A geographically balanced approach;*
 - (v) Private sector mitigation and adaptation activities at the national, regional and international levels;**
- (h) Further requests the Secretariat to develop and present an initial process for review and approval of proposals to the Board at its second meeting in 2014.*

E. Country ownership

76. The Co-Chairs introduced the agenda sub-item. A representative of the Interim Secretariat introduced document GCF/B.05/06 *Business Model Framework: Countries' Transparent No-objection Procedure*.

77. A Board member stressed the need to streamline the use of the term “endorsement” in the context of the no-objection procedure.

78. A Board member pointed out the need to more clearly incorporate the provisions of paragraph 7 of COP decision 3/CP.17, stating that it was important for the no-objection procedure to be framed in the context of that decision, to be in response to an offer and to empower National Designated Authorities (NDAs) and focal points. The Executive Director clarified that the proposed procedure is based on the criteria and elements suggested by paragraph 7 of 3/CP.17, namely consistency with national climate strategies and plans, a country-driven approach and providing for effective direct and indirect public and private sector financing by the Fund. She also indicated that the proposed procedure required no-objection prior to approval of funding proposals by the Fund.

79. Some Board members emphasized the need for greater flexibility in the selection of the NDA or focal point, particularly in relation to the level of authority within the country’s Government. They pointed out that the procedure should not be prescriptive in this respect.

80. A Board member sought clarification of the rationale for a separate no-objection procedure for intermediaries, as proposed in the draft decision. A representative of the Interim Secretariat replied that intermediaries are likely to work differently, as compared to implementing entities, and that, consequently, a more expedited process might be appropriate.

81. Another Board member pointed to the need for clarity on interpretation of what would be the subject of the no-objection procedure, citing as an example the cases of a bundle of activities, as opposed to individual projects.

82. A Board member noted that, while the proposed draft decision makes reference to funding decisions only, the proposed procedure also includes nominations for accreditation by sub-national, national and regional intermediaries and implementing entities. There was a broad understanding that this should be clarified in future discussions of this matter.

83. Some Board members stated that funding proposals may not need to be submitted through and by the NDA or focal point, as it would otherwise be illogical to require their no-objection.

84. A Board member noted that it would be advisable for the Secretariat to have a timeline for the development, implementation and communication to developing countries of the operational procedures for designating and registering NDAs and focal points.

85. Some Board members suggested that an additional analysis be conducted to inform the discussion on practice and experience of other institutions and how they address their no-objection procedures with both public and private intermediaries and implementing entities. This exercise may also help throw more light on the concept of endorsement in the context of no-objection.

86. The PSO active observer from CMIA made a statement indicating that private sector concerns on this matter relate to the need for a rapid no-objection procedure, and to the need to take into account multi-country and non-standard (innovative) approaches such as reverse auctions where “winners” will only be known after the funding envelope is approved.

87. The CSO active observer from Action Aid International stated that an operative definition of “intermediaries” is required, while indicating that it is unclear why a separate no-objection procedure would be necessary for intermediaries. He pointed out that the restriction of the procedure to the submission of funding proposals only is unclear as well, suggesting that the no-objection procedure should also apply to the accreditation of financial intermediaries and implementing entities. He stated that NDAs or focal points should ensure that all relevant in-country stakeholders, including affected communities and civil society, are made aware of the operational details of the no-objection procedure.

88. The Co-Chairs noted that some issues remained open and that concerns about the full incorporation of the spirit of paragraph 7 of decision 3/CP.17 remained, and stated that no agreement was evident. They proposed that the Board continue this discussion at its next meeting, based on a revised document to be prepared by the Secretariat.

89. Following the discussion, the Board adopted the following decision:

DECISION B.05/06

The Board, having reviewed document GCF/B.05/06 Business Model Framework: Countries' Transparent No-objection Procedure:

- (a) *Takes note of the information presented in document GCF/B.05/06;*
- (b) *Provides guidance to the Interim Secretariat on the policy matters regarding country ownership under the Fund;*
- (c) *Requests the Interim Secretariat to revise document GCF/B.05/06 in view of the guidance provided, and present a revised version of this document for the consideration by the Board at its first meeting in 2014.*

F. Financial instruments

90. The Co-Chairs introduced the agenda sub-item. A representative of the Interim Secretariat introduced document GCF/B.05/07 *Business Model Framework: Terms and Criteria for Grants and Concessional Loans*.

91. A Board member expressed his support for the draft decision. He suggested that developing standard terms and conditions for grants and concessional loans was not flexible enough and noted that this could constrain the Fund in the future, particularly from the perspective of risk management.

92. Another Board member commented the principles referred to in the draft decision. He suggested that these principles should apply to public and private sectors. He stated that reference to result areas was redundant in the context of criteria for grants and concessional loans.

93. A Board member made reference to the broad array of instruments to be considered at the third meeting of the Board in 2014.

94. The Co-Chairs revised the draft decision, based on the comments and suggestions, and presented the revised draft decision to the Board.

95. Following the discussion, the Board adopted the following decision:

DECISION B.05/07

The Board, having reviewed document GCF/B.05/07 Terms and Criteria for Grants and Concessional Loans:

- (a) *Decides to adopt, for the initial operationalization of the Fund, the principles and factors for the terms and conditions of grants and concessional loans, as contained in Annex III to this document;*
- (b) *Takes note of the criteria for the terms and conditions of grants and concessional loans, as contained in Annex IV to this document;*
- (c) *Requests the Secretariat to develop terms and conditions of grants and concessional loans for consideration by the Board at its first meeting in 2014, guided by these principles and criteria, and taking into consideration progress on the business model framework; and*

- (d) *Further requests the Secretariat to prepare a document for consideration by the Board at its third meeting in 2014 on the use of other financial instruments.*

G. Access

96. The Co-Chairs introduced the agenda sub-item. A representative of the Interim Secretariat introduced document GCF/B.05/08 *Business Model Framework: Access Modalities – Accreditation*.
97. Several Board members commended the Interim Secretariat for the quality of the document.
98. A Board member pointed out the need for clear definitions of implementing entities, funding entities and intermediaries. Another Board member mentioned that new organizations under the accreditation processes acknowledged in the document are on the verge of obtaining accreditation. A representative of the Interim Secretariat confirmed that the work to be undertaken in the development of the guiding framework for the Fund's accreditation process should indeed take into account the need for clarity in the definition of the types of entities the Fund will be working with and acknowledged the fact that the accreditation systems considered in the document are on-going processes, which should be taken into account in the development of the guiding framework.
99. Some Board members drew attention to the need to consider national circumstances in developing countries, citing the example of the inability of some national implementing entities to comply with the environmental and social safeguards of the Global Environment Facility (GEF). The importance of readiness and preparatory support was highlighted in this context. Another Board member remarked that such considerations need not necessarily undermine the quality of the Fund's fiduciary standards and environmental and social safeguards. Furthermore, it was mentioned that, while the Fund should be able to accommodate different capacities of countries, the required fiduciary standards should be uniform and consistent across all entities to be considered for accreditation.
100. A Board member indicated that the environmental and social safeguards of the Fund should also be cognisant of existing international agreements on human rights and related matters, including forced labour and child labour.
101. Several Board members supported the notion that the Fund's accreditation process should encompass the endorsement of senior technical expertise of independent experts. A Board member suggested attributing more responsibility to the Independent Technical Advisory Function of the Secretariat in conducting the Fund's accreditation process. In response to this concern, the Executive Director explained the rationale for the Secretariat to be in charge of this process and to conduct the review and assessment of applications for accreditation to ensure efficiency, transparency and reliability in the process. She reminded the Board that the accreditation process will include the technical endorsement of the Independent Technical Advisory Function.
102. Some Board members highlighted the need for high standards and a strong focus on transparency in the accreditation of entities that should ultimately be able to deliver the expected results. In this context, they supported the view that the decision should make a specific reference to results.
103. Some Board members referred to the experience of the Adaptation Fund and indicated that the Accreditation Panel of the Adaptation Fund would be a relevant source of lessons learned. A Board member suggested the possibility of inviting relevant members of the Accreditation Panel of the Adaptation Fund to make a presentation to the Board on their experiences.

104. Several Board members mentioned the difficulties experienced by national implementing entities in obtaining accreditation with the Adaptation Fund and the GEF, and suggested that these lessons should also be taken into account in the development of the guiding framework for the Fund's accreditation process. Furthermore, some Board members suggested that the entities deemed to meet the fiduciary standards acknowledged in the document merit special consideration in the context of the guiding framework for the Fund's own accreditation process.

105. There was broad convergence among Board members that the guiding framework for the Fund's accreditation process should build on, but be innovative as compared to, those of relevant existing funds.

106. A Board member requested clarification on whether the list of entities referred to in the draft decision also included those accredited by the Directorate-General Development and Cooperation– EuropeAid of the European Commission (EU DEVCO), which was confirmed by a representative of the Interim Secretariat.

107. The CSO active observer from Action Aid International stressed the importance of getting the accreditation process right to establish the Fund's credibility as it becomes operational. He referred also to the need to have a core set of standards and safeguards in compliance with international law and binding obligations pertaining to human rights (including economic, social, cultural, gender, indigenous and labour rights, among others), and the environment. Furthermore, he stated that accreditation process should be transparent, inclusive and subject to broad consultation with stakeholders, including civil society.

108. Following the discussion, the Board adopted the following decision:

DECISION B.05/08

The Board, having considered document GCF/B.05/08 Business Model Framework: Access Modalities – Accreditation:

- (a) Notes convergence on the need to develop a guiding framework and procedures for the accreditation process of the Fund that enhances country ownership, accommodates different capacities and capabilities of countries, defines the Fund's own fiduciary principles and standards and environmental and social safeguards, and accredits entities in a transparent, objective and credible manner, in line with the Fund's objectives, results and guiding principles;*
- (b) Acknowledges the best-practice fiduciary principles and standards referred to in Annex V and the environmental and social safeguards of the entities referred to in Annex VI to this document, as the basis for developing the Fund's own criteria and standards;*
- (c) Takes note of the list of considerations and initial criteria to inform the elaboration of the Fund's criteria for accreditation of sub-national, national, regional and international intermediaries and implementing entities, as presented in Annex VII to this document, and as part of the development of the guiding framework for the Fund's accreditation process;*
- (d) Requests a team of four Board members/alternate members to oversee the development of the guiding framework for the Fund's accreditation process by the Secretariat, which will also include four senior international experts to be nominated by the Executive Director, for consideration by the Board no later than at its second meeting in 2014. This will include overseeing the development by the Secretariat of:*
 - (i) The Fund's own environmental and social safeguards and fiduciary principles and standards;*
 - (ii) The criteria and application procedures for the accreditation of intermediaries and implementing entities of the Fund;*

- (iii) *The most appropriate governance and organizational approach for the Fund's accreditation process, including an Independent Technical Advisory Function to conduct the accreditation process, taking into account Annex X and Annex XI to this document, and the terms of reference contained in Annex XI, as appropriate;*
- (iv) *An assessment of the list of the institutions accredited by other funds, as contained in Annex VIII to this document, in light of the development of the guiding framework for the accreditation process of the Fund;*
- (v) *Additional modalities that further enhance direct access, including through funding entities, with a view to enhancing country ownership of projects and programmes, for consideration by the Board at its first meeting in 2014;*
- (e) *Decides that the following Board members will be part of the team referred to above: Mr. Arnaud Buisse, H.E. Mr. Jan Cedergren, Mr. Derek Gibbs and Mr. David Kaluba;*
- (f) *Requests the Secretariat to undertake all necessary actions to ensure that the work of the team and the development of the guiding framework for the Fund's accreditation process starts as soon as possible;*
- (g) *Approves the terms of reference of the senior international experts to be nominated by the Executive Director and to serve in the team, as contained in Annex IX to this document;*
- (h) *Further requests the Secretariat to initiate work on provisions for legal and formal arrangements with intermediaries and implementing entities, policies on fees and payments, and any other necessary elements to facilitate the prompt operationalization of the Fund's accreditation process and its access modalities, and report on its progress at the first meeting of the Board in 2014;*
- (i) *Also requests the Secretariat to initiate urgently work and activities to support readiness for accreditation in interested sub-national, national, regional and international intermediaries and implementing entities, in the context of the Fund's programme of work on readiness and preparatory support and as discussed in document GCF/B.05/14, and report on its progress at the first meeting of the Board in 2014.*

Agenda item 5: Logo of the Fund

109. The Co-Chairs introduced the agenda item. The Chair of the Logo Selection Panel, Mr. Farrukh Khan, introduced document GCF/B.05/09 *Progress Report of the Logo Selection Panel*. He explained that, following the advice from an experienced brand designer, the Panel had not been able to select a logo from the competition entries. The principal reasons for this were: (a) lack of quality among the competition entries; (b) insufficient number of entries to generate a good choice; (c) lack of professionalism among the entries, such that substantial additional work would be needed; and (d) the entries did not reflect the nature of the Fund.

110. Mr. Khan also raised the matter of the urgency of selecting a logo, given the work in-progress on the interior design of the Fund's headquarters in Songdo, Republic of Korea, and stressed that urgency, along with professional quality, should be the main factors in deciding on the logo design. He presented the Panel's recommendation to the Board to cancel the competition (as provided for under the competition rules), and to request the Interim Secretariat to engage a professional graphic designer to create a logo of the Fund, under the supervision of the Logo Selection Panel.

111. The Co-Chairs, in order to give the Board the option of selecting one of the submitted designs, requested that the fifteen shortlisted logo design entries be presented to the Board for review. At the request of the Co-Chairs, a representative of the Interim Secretariat explained that the logo design entries would not be transmitted as part of the video streaming, in order to

respect the confidentiality provisions of the competition and protect the intellectual property of the competition entrants.

112. Several Board members emphasized that the choice of a logo was of significant importance for the perception of the Fund, and should be undertaken in a professional manner. A Board member raised the need to ensure that the Fund's logo is used to appropriately brand the Fund's headquarters.

113. A Board member raised the question of the cost of cancelling the competition and engaging a professional designer. Mr. Khan explained that the competition could be cancelled according to the provisions of the competition rules with no additional costs. He informed that the commissioning a logo would cost a minimum of US\$ 15,000 and added that, since designing the logo of the Fund would be associated with significant international prestige, the cost would most likely not be significantly higher than that.

114. Some Board members stated that the relative cost would be comparatively low, bearing in mind that the logo would be used by the Fund for its branding over a period of many years.

115. Following the discussion, the Board adopted the following decision:

DECISION B.05/09

The Board, having reviewed document GCF/B.05/09 Progress Report of the Logo Selection Panel:

- (a) Notes that the entries received in the logo competition were not adequate to represent the identity and image of the Fund;*
- (b) Decides that the logo competition will be cancelled, as recommended by the Logo Selection Panel;*
- (c) Requests the Interim Secretariat, under the overall authority of the Executive Director, to contract a professional designer to design the logo of the Fund;*
- (d) Requests the Logo Selection Panel to oversee the work on the design of the logo;*
- (e) Requests the Interim Secretariat to undertake the work necessary to implement the new logo in all communication products of the Fund, once the selection has been made.*

Agenda item 6: Establishment of the independent Secretariat

A. Initial structure and organization

116. The Co-Chairs introduced the agenda sub-item. The Executive Director introduced document GCF/B.05/10 *Initial Structure and Staffing of the Independent Secretariat*, reminding the Board that the interim phase and Interim Secretariat arrangements will end by COP 19. She further stated that, in order for the Fund to become a global player, an initial lean and efficient core team, which will need to cover a wide range of responsibilities, will be necessary as a minimum to start the work of the independent Secretariat. She also provided details on the proposed structure and a brief outline of the responsibilities and activities of each division.

117. Several Board members expressed their support for the proposed structure and staffing of the Secretariat as presented in the document, and communicated their confidence in the Executive Director to manage the Secretariat.

118. Some Board members requested information and clarification from the Executive Director on the information presented in the document, including on the proposed Mitigation and Adaptation division as well as the PSF division, in order to get a better understanding of her vision and strategic approach.

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119. A Board member stated that a strong country support division would be needed as well as the phased approach that prioritizes readiness and preparatory support.
120. Several Board members were pleased to note that a geographically and gender-balanced approach will be adopted in recruiting staff.
121. A Board member suggested that the Secretariat should present a report at the next meeting on the status of the recruitment process and further stated that, since this is an evolving process, the Board should be informed of any gaps that need to be addressed, so that it can provide the Secretariat with the necessary resources and guidance.
122. A Board member stated that there should be a Director responsible for public finance and funding.
123. A Board member requested the Executive Director to explain how the independent evaluation functions would operate.
124. A Board member stated that the Board is under a mandate to end the transitional arrangements by COP 19 and stressed the need to empower and authorize the Executive Director to start the operationalization of the independent Secretariat.
125. The CSO active observer from the Third World Network stated that the CSO community is pleased to see a woman from a developing country leading the Secretariat. She raised her concern that the PSF is overemphasized, and further noted that country programming is defined too narrowly, and that no provision was made to develop the risk management framework outside the PSF. She further noted that ensuring gender balance is not enough, but that staff will also need to have gender expertise and stated that the Secretariat should be mandated to report back on this matter. She also noted that under the External Affairs Director there is no provision for dealing with observers.
126. The PSO active observer from WBCSD noted that the proposed number and skill set of staff in the PSF division is appropriate. She further noted the support to the focus on gender balance in the recruitment process.
127. The Executive Director stated that she is grateful for the Board's support. In response to the requests for clarification and further information on the initial structure and staffing of the Secretariat, she informed the Board that this is an initial structure to get the Secretariat started that will need to evolve over time and that there will be a need to seek secondees and consultants to support this minimum level of staff. Furthermore, she stated that staff will need to be able to move laterally. She noted that the Secretariat will report to the Board every year on the structure and staffing of the Secretariat. She also stated that, in the first year of its operationalization, the Secretariat will be focusing on the following: preparing the Fund for its initial resource mobilization process, raising awareness in developing countries about the Fund, working with countries on establishing their NDAs or focal points, and on assessing how well they are prepared in terms of national strategies, policies and priorities.
128. On the structure of the Secretariat, the Executive Director explained that the Country Programming, Mitigation and Adaptation and PSF divisions will all be geared towards supporting readiness. She also stated that the PSF experts will have to work closely together with other experts in accordance with the Governing Instrument, which states that the Fund will support the private sector directly and indirectly. The document states that there will be a risk manager who will coordinate the work on risk management at the Secretariat level, also under the guidance of the Risk Management Committee. The Mitigation and Adaptation division will be tasked with the operational pipeline and will naturally grow. She stressed that, at this point, the three divisions are all going to focus on the balance between mitigation and adaptation. The document mentions that there are provisions for the establishment of an Independent Evaluation Unit, an Independent Integrity Unit and an independent redress mechanism, which will be staffed once the Fund has reached the capitalization stage.

129. Several Board members requested the Secretariat to provide to the Board the human resource policies for Board approval before they are put in place, in order to assure that they are adequate and economical, and that they can be assessed in the context of other relevant organizations. The Executive Director assured the Board that the relevant policies will be circulated to the Board for its consideration and approval.

130. Following the discussion, the Board adopted the following decision:

DECISION B.05/10

The Board, having reviewed document GCF/B.05/10 Initial Structure and Staffing of the Secretariat:

- (a) *Decides on the initial structure of the independent Secretariat, as set out in Annex XII to this document;*
- (b) *Takes note of the organizational diagram, showing the initial organization of the Secretariat in 2014, as presented in Annex XIII to this document;*
- (c) *Authorizes the Executive Director to recruit initial staff as presented in Annex XIV to this document;*
- (d) *Endorses the process and timeframe for implementing the proposed initial structure of the Secretariat, as set out in Annex XV to this document.*

B. Guidance to the Executive Director on the administrative policies and procedures of the independent Secretariat

131. The Co-Chairs introduced the agenda sub-item. A representative of the Interim Secretariat introduced document GCF/B.05/11 *Progress Report on the Administrative Policies and Guidelines of the Independent Secretariat*.

132. Several Board members expressed their support for a speedy operationalization of the Secretariat.

133. Some Board members raised questions regarding the role and authority of the Board in relation to the rules governing human resources, the support provided to the Fund by the Asian Development Bank (ADB) and the process of tailoring the ADB's rules and regulations to meet the needs of the Fund. Some Board members also sought clarification regarding the possible outsourcing of the Fund's pension fund schemes, information technology support to the Fund, and the privileges and immunities which the Fund enjoys outside the Republic of Korea.

134. In response to Board members' queries, a representative of the Interim Secretariat clarified that all administrative policies will be submitted for Board approval, while the guidelines setting out implementation arrangements will be made under the authority of the Executive Director. He informed the Board that ADB is actively supporting the Fund by making relevant information on its rules and procedures and their application available to the Fund. Necessary adjustments to ADB rules and procedures are made to suit the purpose, functions and special needs of the Fund. As ADB was not in a position to assume the function of service provider to the Fund, other arrangements are being considered. He also informed that discussions on the provision of information technology services are being conducted with the company that provides such support to other offices in the building of the Fund's headquarters (G-Tower). He further informed that a decision on outsourcing the pension fund had not been taken yet and that an assessment of this matter is being carried out, not only based on cost-effectiveness, but also taking account of data security. He also stated that that privileges and immunities outside the Republic of Korea are also relevant in relation to organization of meetings outside the host country and informed the Board that a template is being developed by the Secretariat for this purpose.

135. The alternate Board member from the Republic of Korea provided the Board with information on the activities of the Government of the Republic of Korea to support the establishment of the Secretariat in Songdo. He reported that the Government of the Republic of Korea has set up a task force to support the transition, which is in frequent contact with the Interim Secretariat on transition matters. He invited all Board members and alternate members to the opening ceremony of the headquarters on 4 December 2013. He informed the Board that the Government of the Republic of Korea will invite representatives of several international organizations to attend the ceremony. He also informed the Board that a number of other activities relating to climate finance were organized in the same week. He stated that his Government will contribute US\$ 2 million to the administrative budget of the Fund, the first half in 2013 and the second in 2014.

136. Following the discussion, the Board adopted the following decision:

DECISION B.05/11

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.05/10, 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;*
- (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 policies to the Board for approval.*

Agenda item 7: Committees and panels

A. General guidance for committees and panels

137. The Co-Chairs introduced the agenda sub-item. A representative of the Interim Secretariat introduced document GCF/B.05/12 *General Guidelines for Committees and Panels*.

138. Several Board members highlighted the importance of committees and panels for the effective functioning of the Board.

139. With regard to the proposed guidelines, a Board member questioned whether it was necessary to produce general guidelines and asked whether it would be possible to decide relevant matters on an ad hoc basis. This point was echoed by another Board member who

stated that it was difficult to establish a standard procedure applicable to all committees and panels. Another Board member highlighted the need to provide guidance to the Secretariat and recalled that the Interim Secretariat had been requested by the Board to produce general guidelines, which underlined that this matter had been considered as important by the Board.

140. Some Board members stated that the division of labour between the Board and the Secretariat should be considered so that the number and functions of committees could be determined in the most appropriate manner.

141. Some Board members raised the question of whether committees on human resources, compensation, and civil society and the private sector should be established. Another Board member suggested not to establish too many committees at this early stage of the Fund's operations.

142. A Board member expressed the opinion that the Private Sector Advisory Group might better be referred to as Private Sector Advisory Panel to underline its formal status in accordance with the Governing Instrument and the Rules of Procedure of the Board.

143. Following the discussion, the Board adopted the following decision:

DECISION B.05/12

The Board, having considered document GCF/B.05/12 General Guidelines for Committees and Panels:

- (a) Takes note of document GCF/B.05/12 General Guidelines for Committees and Panels;*
- (b) Decides to continue establishing committees, panels and groups, by defining their purpose and functions, as well as their mode of operation, in the respective terms of reference, and to consider general guidelines for committees, panels and groups at a later stage, as necessary;*
- (c) Notes that the Rules of Procedure of the Board will apply mutatis mutandis to the committees, panels and groups established.*

B. Terms of reference and establishment of committees and panels

144. The Co-Chairs introduced the agenda sub-item. A representative of the Interim Secretariat introduced document GCF/B.05/13 *Terms of Reference and Establishment of Committees and Panels*.

145. Some Board members requested the Executive Director's opinion on what committees are needed at this stage. She replied that the number of Board committees should be kept to an essential minimum. The Investment Committee and the Risk Management Committee had already been decided upon at the June 2013 Board meeting, and are needed to oversee urgent and strategic matters at this nascent stage of the Fund's development, such as the risk management and investment frameworks that are necessary for the Fund's operationalization. She added that all institutions tend to have an audit committee, and that she does not see the urgency for any other committees at this stage. Several Board members expressed their agreement with this assessment.

146. A Board member stated that panels, by definition, are technical in nature and that guidelines for Panels should not be developed in the same way as guidelines for committees.

147. A Board member stated that the Executive Director should be a member of the Risk Management Committee. Another Board member remarked that the investment and risk management functions are core tasks of the Secretariat.

148. A discussion ensued in relation to the Risk Management Committee. A Board member stressed the distinction between development and implementation of a risk management framework, and stated that the Secretariat was better suited to the latter. This Board member

indicated that risks relating to hedging or investment should be addressed by the Investment Committee, and asked if the Risk Management Committee should be able to reject an investment promoted by the Investment Committee. A Board member suggested that the Risk Management Committee should be merged with the Investment Committee. Another Board member referred to the remarks by the Executive Director that all the three committees are important and should be constituted as separate committees. The Executive Director stated that the Risk Management Committee would oversee and make recommendations to the Board on parameters of risks that the Fund is going to function with, and the Secretariat would put together the technical framework, with priority to be given to the financial risk framework.

149. The discussion then focused on the Investment Committee. A Board member stated that he wanted to see a role for the Trustee. A representative of the Interim Trustee clarified that it invests liquid balances in the Trust Fund, and that it has no operational role in the Fund or the Investment Committee. The same Board member referred to the role of the Secretariat as defined by the Governing Instrument, and did not want that role to be expanded in this case, except through a specific Board decision to that effect. A Board member remarked that the two core areas for the Investment Committee are the structure of financial instruments and staying within adequate boundaries of financial risks.

150. The Board then discussed the matters relating to the Ethics and Audit Committee. A Board member noted that no timeline was attached to the development of a policy, and that this is needed as soon as possible. Some Board members expressed caution about the Board being involved in ethics matters of the Secretariat and that the Secretariat will have its own ethics committee, and stated that ethics and audit procedures in other institutions can be used as a model. A Board member referred to this Committee as the policing committee of the Fund, and added that it should be expanded from four to eight members.

151. In relation to the Private Sector Advisory Group, a Board member indicated that the proposed selection criteria were too strict.

152. The CSO active observer from the Third World Network raised the concerns about the selection of civil society members, overly prescriptive and subjective wording in the relevant selection criteria, equal representation from developed and developing countries and necessary skills and expertise of the selected representatives. She also stated that the CSO active observers should have the same participation rights in the Group as the PSO active observers. Following the suggestion by the Co-Chairs, she provided the statements on the Risk Management Committee and Investment Committee to the Interim Secretariat in writing.

153. The PSO active observer from CMIA agreed that the CSO active observers should have the same participation rights as the PSO active observers.

154. A Board member requested the inclusion of a reference to engaging the private sector in climate-resilient development.

155. A Board member stated that the Private Sector Advisory Group should have six Board members or alternate members, like the committees. Other Board members disagreed with this, noting that this group is a panel and not a committee, and that the composition of the Group was already decided at the last Board meeting.

156. In the discussion of the draft decision, an agreement was reached that the Risk Management Committee will first oversee the development by the Secretariat of a financial risk management framework, and that, in a second stage, following the initial resource mobilization of the Fund, the Risk Management Committee will oversee a framework that covers other types of risk to the Fund. It was also agreed that it is not the intention to merge the investment and risk management frameworks and that the Executive Director may attend meetings of both committees and the Private Sector Advisory Group in an advisory capacity.

157. Following the discussion, the Board reached the following decision:

DECISION B.05/13

The Board, having reviewed document GCF/B.05/13 Terms of Reference and Establishment of Committees and Panels:

- (a) Establishes the Risk Management Committee as a committee of the Board in accordance with decision B.04/08 and paragraphs 2 (g) and 30 of the Rules of Procedure of the Board;*
- (b) Adopts the Terms of reference of the Risk Management Committee as set out in Annex XVI to this document;*
- (c) Establishes the Investment Committee as a committee of the Board in accordance with decision B.04/08 and paragraphs 2 (g) and 30 of the Rules of Procedure of the Board;*
- (d) Adopts the Terms of reference of the Investment Committee as set out in Annex XVII to this document;*
- (e) Establishes the Ethics and Audit Committee as a committee of the Board in accordance with paragraphs 2 (g) and 30 of the Rules of Procedure of the Board;*
- (f) Adopts the Terms of reference of the Ethics and Audit Committee as set out in Annex XVIII to this document;*
- (g) Appoints the following Board members/alternate members as members of the Ethics and Audit Committee for its first term:
 - (i) Mr. Omar El-Arini, Committee member;*
 - (ii) Ms. Ana Fornells de Frutos, Committee member;*
 - (iii) Ms. Beata Jaczewska, Committee member;*
 - (iv) Mr. Matthew Kotchen, Committee member;*
 - (v) Mr. Ayman M. Shasly, Committee member; and*
 - (vi) Mr. Kwang-Yeol Yoo, Committee member;**
- (h) Establishes the Private Sector Advisory Group as a panel of the Board in accordance with decision B.04/08 and paragraphs 2 (o) and 32 of the Rules of Procedure of the Board;*
- (i) Adopts the Terms of reference of the Private Sector Advisory Group as set out in Annex XIX to this document;*
- (j) Appoints the following Board members/alternate members to the Private Sector Advisory Group for its first term in accordance with the Terms of reference as set out in Annex XIX to this document:
 - (i) Mr. Zaheer Fakir, panel member;*
 - (ii) Mr. Anton Hilber, panel member;*
 - (iii) Mr. Farrukh Iqbal Khan, panel member; and*
 - (iv) Mr. Matthew Kotchen, panel member;**
- (k) Requests the Secretariat to initiate an open call for nominations, including from Board members, for the selection of four private sector representatives from developing countries, four private sector representatives from developed countries, and two civil society representatives, for membership of the Private Sector Advisory Group during its first term, in accordance with the Terms of reference as set out in Annex XIX to this document, with the appointment of nominated representatives subject to the approval by the Co-Chairs;*

- (l) *Requests the Secretariat to convene the first meeting of the Ethics and Audit Committee and the Private Sector Advisory Group, in consultation with their respective Chairs, via videoconference prior to the first meeting of the Board in 2014; and*
- (m) *Invites the Ethics and Audit Committee and Private Sector Advisory Group to develop and present to the Board, at its first meeting in 2014, agreed work plans for their first 12 months of operation, which should take into account the Terms of reference, as set out in Annexes XVIII and XIX to this document, respectively.*

Agenda item 8: Readiness and preparatory support

158. The Co-Chairs introduced the agenda item. A representative of the Interim Secretariat introduced document GCF/B.05/14 *Modalities for Readiness and Preparatory Support*.

159. Mr. Derek Gibbs reported on the workshop on readiness and preparatory support, held in Bridgetown, Barbados on 10–11 July 2013. The workshop, organized by the Caribbean Development Bank and GIZ, in partnership with the Fund, brought together Board members, advisers and representatives of both developed and developing countries, along with experts from United Nations agencies, the World Bank, regional organizations and civil society. Workshop participants found that readiness and preparatory support will be crucial for the Fund to promote a paradigm shift towards low-emission, climate-resilient development. Moreover, readiness and preparatory support will be important to allow countries to identify their mitigation and adaptation priorities, and to develop high-quality pipelines of projects and programmes. The workshop concluded that overall, readiness and preparatory support is considered a strategic priority of the Fund, and there was a strong call for an early concerted action.

160. Several Board members thanked Mr. Gibbs for his report, as well as the organizers of the workshop and the Government of Germany for its financial support.

161. Many Board members highlighted the importance of readiness and preparatory support for the operationalization of the Fund. A Board member stated that readiness and preparatory support sets the Fund apart from other similar institutions and mechanisms, and provides an opportunity to learn from, and improve on, past experience. Several Board members also noted that readiness and preparatory support should be sustained over time in order to allow countries to build the necessary human and institutional capacities to access, programme and effectively use Fund resources.

162. Other Board members noted the need to identify, learn from, and collaborate with, many initiatives underway to enhance climate finance readiness in developing countries. In this context, it was considered important to specify what readiness and preparatory support was to be provided through the Fund, and what support would be necessary for the Fund to begin operations. A Board member suggested that the Secretariat be mandated to play a leading role in advancing coherence and coordination among the existing initiatives and mechanisms that provide readiness and preparatory support.

163. Several Board members stated that readiness and preparatory support should not be seen as a prerequisite for countries to access, programme and effectively use Fund resources. A Board member noted that any assessment of readiness and associated support needs should be seen as a diagnostic tool, rather than a requirement for accessing support.

164. Several Board members noted that readiness and preparatory support has resource implications, and that the Secretariat should be mandated to mobilize resources for this purpose to allow readiness activities to begin without delay.

165. A Board member stated that support towards national coordinating mechanisms could be specified to include support towards multi-stakeholder consultation mechanisms.

166. A Board member suggested that the scope of readiness and preparatory support should also include support for piloting transformational investments and the establishment or strengthening of national monitoring and evaluation systems.

167. A Board member suggested that an important purpose of readiness and preparatory support was also to enhance access to the Fund.

168. A Board member proposed to make a distinction between readiness and preparatory at large and climate-related readiness and preparatory support.

169. A Board member stated that the objectives of readiness and preparatory support should include support towards the development of country programmes.

170. A Board member stated that the allocation of readiness and preparatory support should not be results-based.

171. The CSO active observer from Action Aid International noted that readiness is a long-term process. The observer further stated that the Board should request developed countries to pledge funds for readiness, including low-risk activities before the requirements for resource mobilization are met.

172. The Co-Chairs stated that the draft decision would be revised in light of the discussion. Subsequently, the Co-Chairs introduced the revised draft decision.

173. Following the discussion, the Board adopted the following decision:

DECISION B.05/14

The Board, having reviewed document GCF/B.05/14 Modalities for Readiness and Preparatory Support:

- (a) Reaffirms that Fund-related readiness and preparatory support is a strategic priority for the Fund to enhance country ownership and access during the early stages of its operationalization, and may help countries to meet the Fund's objectives;*
- (b) Decides that the Fund will provide readiness and preparatory support to:*
 - (i) Enable the preparation of country programmes providing for low-emission, climate-resilient development strategies or plans;*
 - (ii) Support and strengthen in-country, Fund-related institutional capacities, including for country coordination and multi-stakeholder consultation mechanisms as it relates to the establishment and operation of national designated authorities and country focal points;*
 - (iii) Enable implementing entities and intermediaries to meet the Fund's fiduciary principles and standards, and environmental and social safeguards, in order to directly access the Fund;*
- (c) Notes the importance of engaging with existing readiness initiatives and programmes at international, national and regional levels to enhance learning and ensure coherence, and mandates the Secretariat to play a leading coordinating role in this regard;*
- (d) Further notes:*
 - (i) That the scope of readiness and preparatory support could evolve over time and be tailored to address countries' specific circumstances;*
 - (ii) The importance of readiness and preparatory support for effective private sector engagement, particularly for small- and medium-sized enterprises and local financial intermediaries in developing countries, and activities to enable private sector involvement in small island developing States (SIDS) and least developed countries (LDCs);*

- (iii) *That readiness and preparatory support could be provided to all eligible countries, and that its allocation would take into account the urgent and immediate needs of developing countries that are particularly vulnerable to the adverse impacts of climate change, including LDCs, SIDS and African States;*
- (e) *Requests the Secretariat to begin advancing readiness in developing countries in the context of its communication and outreach activities;*
- (f) *Further requests the Secretariat to present to the Board, at its first meeting in 2014, a detailed programme of work relating to the provision of readiness and preparatory support, with relevant timelines and resource needs, which may include, inter alia:*

 - (i) *Facilitating the assessment of readiness and support needs;*
 - (ii) *Country programming and portfolio development, including how countries may translate the objectives of the Fund into regional, national or sub-national priorities, given the initial result areas and performance indicators of the Fund;*
 - (iii) *Outreach activities, including regional workshops, aiming to raise awareness of relevant considerations of low-emission, climate-resilient development strategies and associated country programmes that would allow countries to identify and effectively communicate their priorities to the Fund, and to access resources; the selection, establishment, role and responsibilities of national designated authorities (NDAs) or country focal points, including in coordinating and facilitating multi-stakeholder consultation; and the procedures for selecting, nominating and accrediting sub-national, national and regional implementing entities, and the associated fiduciary principles, and environmental and social safeguards;*
 - (iv) *Advancing knowledge sharing and peer-to-peer learning among relevant partners and practitioners engaged in readiness and preparatory support, with a view to fostering coordination and coherence, as well as facilitating opportunities for South-South learning;*
 - (v) *Advisory services, including a help desk to support NDAs or country focal points, prospective national and sub-national implementing entities, and other key stakeholders;*
 - (vi) *Facilitating, in collaboration with relevant partners, arrangements for training, mentorship and twinning in support of NDAs or country focal points and sub-national and national entities seeking accreditation with the Fund;*
- (g) *Further requests the Secretariat to outline a system for determining the allocation of resources, separate from the support provided from the Secretariat's administrative budget, for readiness and preparatory support, for consideration by the Board at its first meeting in 2014;*
- (h) *Decides that the urgent need to provide readiness and preparatory support should be reflected in the administrative budget and staffing of the Secretariat;*
- (i) *Further requests the Secretariat to mobilize resources for readiness and preparatory support.*

Agenda item 9: Administrative policies of the Fund

A. Travel policy

174. The Board did not take up this agenda sub-item.

B. Interim information disclosure practice

175. The Co-Chairs introduced the agenda item. A representative of the Interim Secretariat introduced document GCF/B.05/16 *Interim Information Disclosure Practice*.

176. Several Board members expressed their preference for a policy based on a negative list approach, but supported the proposed interim disclosure practice, while noting that it would only be applicable for the period until a comprehensive information of disclosure policy is in place.

177. A Board member requested that the Fund should make available data on a standardized basis and asked that, at a future Board meeting, a proposal should be made about how to handle data by the Fund.

178. The discussion focused on whether Board meetings should be webcast. Several Board members reiterated their support to webcasting, as it would enhance transparency and outreach activities. It was recalled that, in accordance with decision B.04/10, a review of current practice will be conducted in the light of the experience gained and the usage statistics of the service. Several Board members requested that this review should take as soon as possible.

179. The CSO active observer from Action Aid International supported webcasting, but stated that the usage statistics should not be a criterion to review the practice. He said that the proposed document adopts a positive list approach rather than negative list approach, since the majority of paragraphs list the documents that will be disclosed. He added that the relevant information should be made available to affected communities so that they can provide input to project design and implementation. He stressed that it was important to disclose the information on accreditation and fiduciary standards.

180. The PSO active observer from WBCSD made a comment regarding the exception to be made based on the proposed Practice to protect the legitimate interests of private sector entities, and proposed that such an exception not be made just in relation to the PSF but also to other parts of the Fund and not just for private sector entities.

181. Following the discussion, the Board adopted the following decision:

DECISION B.05/15

The Board, having reviewed document GCF/B.05/16 Interim Information Disclosure Practice:

- (a) Adopts the Interim Information Disclosure Practice, set out in Annex XX to this document;*
- (b) Requests the Secretariat to develop in 2014 a comprehensive draft information disclosure policy, based on the negative list approach described in Section 3.3 of document GCF/B.04/10;*
- (c) Decides that the Interim Information Disclosure Practice will remain in force until the Board adopts a comprehensive information disclosure policy;*
- (d) Requests the Secretariat to incorporate, to the extent not covered under the Interim Information Disclosure Practice, provisions on disclosure of information in all documents submitted to the Board.*

Agenda item 10: Arrangements between Conference of the Parties and the Fund

182. The Co-Chairs introduced the agenda item. A representative of the Interim Secretariat introduced documents GCF/B.05/17 *Draft Arrangements between the Conference of the Parties to the UNFCCC and the Green Climate Fund* and GCF/B.05/17/Add.01 (*Addendum*).

183. A Board member stated that, while he did not wish to block consensus, he, nonetheless, has strong reservations against the inclusion of paragraphs 23-25 in the draft arrangements, due to the absence of parity between the COP and the Fund.

184. The PSO active observer from CMIA stated his support for this decision, and noted that the private sector welcomes the fact that the Board will be fully responsible for funding decisions.

185. Following the discussion, the Board took the following decision:

DECISION B.05/16

The Board, having considered documents GCF/B.05/17 Draft Arrangements between the Conference of the Parties to the UNFCCC and the Green Climate Fund and GCF/B.05/17/Add.01 (Addendum):

- (a) *Approves the draft arrangements between the Conference of the Parties and the Green Climate Fund set out in Annex XXI to this document;*
- (b) *Requests the current Co-Chairs to inform the Co-Chairs of the Standing Committee on Finance of the outcome of the Board's deliberations on the arrangements;*
- (c) *Requests the Interim Secretariat to transmit to the secretariat of the UNFCCC the draft arrangements between the Conference of the Parties and the Green Climate Fund as approved by it, for transmittal to the Conference of the Parties for its subsequent agreement at its nineteenth session, in accordance with decision 7.CP/18.*

Agenda item 11: Resource mobilization

186. The Co-Chairs introduced the agenda item, making reference to the informal discussions that took place on 7 October 2013. He requested the facilitators (Mr. Manfred Konukiewitz, Mr. David Kaluba, Ms. Adriana Soto, Mr. Josceline Wheatley and Mr. Nicholas Dyer) of these informal discussions to report back to the Board:

- (a) Mr. Konukiewitz highlighted from the discussion three areas of convergence: readiness, staged approach and timeline. With regard to readiness, he noted that various areas of readiness were identified: technical elements, recipient country readiness and contributor readiness. For the latter, he highlighted the need of contributors to articulate a good case for the approval of resources within their national contexts and clarity in order to emphasize the added value of the Fund. He noted the convergence on a staged approach, stating that some steps will need to be taken first, for example, having clear fiduciary standards. There was also convergence on the importance of the Board working towards triggering the initial resource mobilization process as soon as possible.
- (b) Mr. Kaluba reported on the discussion about the need for confidence building between the contributors and developing countries. The need to send a clear signal and start with projects that were ready to be implemented was also emphasized. With respect to the results of activities, the need to have clarity on the added value of such activities was mentioned. Basic elements for readiness, accreditation standards and fiduciary standards as well as the need for a clear timeline for resource mobilization were also discussed.
- (c) Ms. Soto reported on the discussion of the potential of resource mobilization with regard to scale, direct access, the PSF and governance structure. It was also noted that Governments are ready to pledge, as long as there are clear incentives. The list of conditions contained in the draft decision on resource mobilization was discussed, with a conclusion that the list was too long and needed to be reduced. Additionally, some

matters that were essential for incentivizing resource mobilization were identified. These were: clarity on the initial result areas, the Secretariat structure, process for disbursement of funds, best-practice standards and the Fund's own procedures for accrediting financial intermediaries and implementing entities.

- (d) Mr. Wheatley reported on the discussions that touched on the need to complete the design and make the Fund operational, in order to start the pledging of funds. Additionally, allocation and modalities for accreditation would need to be in place. In this regard, the work plan of the Board would need to list the required steps in a reasonable timeframe.
- (e) Mr. Dyer reported on the discussion that was based on a shared understanding of resource mobilization, stressing that it is important to have clarity on how to get the money in and out, as well as accounting for results. The different sources of resources and the importance of having best-practice fiduciary standards and environmental and social safeguards as well as a clear timeline were also mentioned.

187. The Co-Chairs thanked the facilitators of informal discussions for their reports. They highlighted that, based on the informal discussions, it was clear that the draft decision contained too many issues and noted the demand for clarity on the timeline for resource mobilization.

188. In their comments on the draft decision, several Board members reiterated the need to reduce the list of issues and start the resource mobilization as soon as possible. They also referred to the requirement of having the independent Secretariat operational. They also agreed on not having three steps in resource mobilization process, but two: an initial process with a transition to a formal replenishment process. There was also convergence on the need to adopt best-practice fiduciary standards and environmental and social safeguards.

189. Some Board members suggested that readiness activities might best be addressed through bilateral or existing channels of funding. They also indicated that the objectives of the Fund and the scale of the initial resource mobilization should be clear. There was convergence on the urgency of mobilizing resources and having clarity on the priority areas of the Fund.

190. A Board member stressed the need for a strategic vision, clarity on the scale and political commitment. Another Board member asked for a reference to fair burden sharing, also suggesting that the first capitalization of the Fund should be in the US\$ billions.

191. A Board member stated that the Fund's policies on the formal replenishment process should include a system for indicative burden-sharing.

192. The CSO active observer from the Third World Network stated that the document on resource mobilization did not seem like a strategy, adding that it should contain targets. She also reiterated that developed countries have an obligation to contribute and should take the lead. She stated that the Fund should be different from other multilateral funds and recalled that this was part of the motivation of her constituency when they supported the establishment of a new fund.

193. A Board member encouraged developed countries, and developing countries in a position to do so, to make commitments to the Fund. He stated that the Board should promptly initiate a resource mobilization process, while empowering the Secretariat to prepare the detailed policies and procedures of the business model.

194. Based on the discussion, the Co-Chairs revised the draft decision and presented it to the Board for consideration.

195. Some Board members stated that the sense of urgency was not adequately captured in the revised draft decision.

196. Some Board members mentioned the requirement of starting work on the Independent Evaluation Unit, the Independent Integrity Unit and the independent redress mechanism, and

stated that they are important and need to be an integral part from the start of the operationalization of the Fund.

197. Following the discussion, the Board adopted the following decision:

DECISION B.05/17

The Board:

- (a) *Decides that the Fund's resource mobilization process will commence through an initial resource mobilization process as soon as possible and transition subsequently to a formal replenishment process;*
- (b) *Further decides that the first two meetings of the Board in 2014 will prioritize and focus on working towards completing the essential requirements for the Fund to receive, manage, programme and disburse financial resources;*
- (c) *Requests the Secretariat to make arrangements with all interested contributors, facilitating a collective engagement in the initial resource mobilization process no later than three months after the essential requirements for the Fund to receive, manage, programme and disburse financial resources, as outlined in Annex XXII to this document, have been met as decided by the Board;*
- (d) *Further decides that the policies, procedures and documents necessary to trigger the first formal replenishment meeting will be decided upon at the first Board meeting following the completion of the process outlined in paragraph (c) above.*

Agenda item 12: Report to the Conference of the Parties

198. The Co-Chairs introduced the agenda item and document GCF/B.05/19 *Draft Report of the Board of the Green Climate Fund to the Conference of the Parties*.

199. A Board member noted that her comments to the draft report will be provided directly to the Secretariat after the meeting. Another Board member requested that the names of Board members in Annex I of the draft report be corrected. The Co-Chairs stated that comments should be directed to the Secretariat.

200. A Board member stated that the report to the COP should include the work plan of the Board for 2014.

201. Following the discussion, the Board adopted the following decision:

DECISION B.05/18

The Board:

Requests the current Co-Chairs, assisted by the Interim Secretariat, to finalize the draft Report of the Green Climate Fund to the Conference of the Parties to the United Nations Framework Convention on Climate Change, presented in Annex II to document GCF/B.05/19, taking into consideration the comments and amendments made and decisions taken at the meeting, and forward it to the United Nations Framework Convention on Climate Change (UNFCCC) secretariat.

Agenda item 13: Work plan of the Board until the end of 2014

202. The Co-Chairs introduced the agenda item. A representative of the Interim Secretariat introduced document GCF/B.05/20 *Work Plan of the Board for 2014*.

203. A Board member requested that the list of requirements included in the resource mobilization decision should be reflected in the work plan.
204. Some Board members noted that more time for meetings may be required and that guidance of the COP should be reflected in the work plan.
205. A Board member asked where the next Board meeting will take place. In response to this question, a representative of the Interim Secretariat reminded the Board about the offers to host the Board meetings in 2014, and stated that, given the move of the Secretariat to the headquarters, it might be logistically easier to organize the first Board meeting in 2014 in Songdo, and accept the offers to host the subsequent meetings away from headquarters.
206. The Co-Chairs noted the comments made by Board members and requested the Secretariat to revise the work plan to be approved at the next meeting or between meetings on a no-objection basis. A Board member expressed his support to this approach. Another Board member stated that it would be best if the Secretariat could revise the work plan within two weeks after this Board meeting in order to provide sufficient clarity about the next steps and the work ahead. This was broadly supported by other Board members.
207. A Board member suggested aiming to assess implementing entities already at the first Board meeting in 2014.
208. A Board member stated that, due to the heavy workload and the high frequency of Board meetings, the Board comes close to the point when each new agenda item in the work plan should entail that another item be removed.
209. A Board member noted that the work plan previously included the matter of relationship with UNFCCC thematic bodies and that this item should be put back into the work plan, even if another item would have to be removed.
210. Following the discussion, the Board adopted the following decision:

DECISION B.05/19

The Board, having considered document GCF.B.05/20 Work Plan of the Board for 2014:

- (a) *Takes note of the information presented in document GCF/B.05/20;*
- (b) *Requests the Secretariat to revise document GCF/B.05/20, taking into account the comments made by the Board, and to circulate it to the Board for a decision between meetings on a no-objection basis within two weeks from the end of this meeting.*

Agenda item 14: Status of resources

211. The Co-Chairs introduced the agenda item. A representative of the Interim Secretariat introduced document GCF/B.05/Inf.03. A representative of the Interim Trustee introduced document GCF/B.05/Inf.04.
212. The Board took note of documents GCF/B.05/Inf.03 and GCF/B.05/Inf.04.

Agenda item 15: Administrative budget for 2014

213. The Co-Chairs introduced the agenda item. The Executive Director introduced document GCF/B.05/21 *Administrative Budget of the Fund for 2014* and provided detailed information, including the cost implications of issuing three-year staff contracts.
214. Several Board members requested information and clarifications about the travel of staff, full-time staff costs, costs relating to Board meetings and the contribution and commitment by the host country of the Fund.

215. A Board member noted that the Secretariat should not copy all administrative policies and regulations from ADB, but rather use them as an initial benchmark which should be improved upon over time, including on remuneration, pension system and maternity leave.
216. The Executive Director explained that one staff travel budget line relates solely to travel to Board meetings which are held away from the Fund's headquarters, while the second staff travel budget line covers the costs of operational travel. She further explained that the full-time staff calculation is outlined in the document in detail, and that the Secretariat is using ADB policies as a basis, as guided by the Board. She reassured the Board that administrative policies will be circulated to the Board for consideration and approval between Board meetings on a no-objection basis. She emphasized the need for the Secretariat and its initial staff to be supported by either individual or institutional consultancies, and explained in more detail the need for two separate budget lines. She also provided details about the contributions and commitment by the Republic of Korea, which include US\$ 1million for 2013 and US\$ 1million in 2014 for the administrative budget of the Fund, as well as additional US\$ 1.4 million for the installations (e.g. furniture, information technology equipment) in the Fund's headquarters.
217. A representative of the Interim Secretariat explained that all Board meetings so far were hosted by developed countries and all local costs were covered by them. He also reminded the Board that there is no Board policy on this matter; therefore, a prudent cost estimate was made. He stated that the Board may wish to decide whether all hosts need to cover the costs of Board meetings or, in case of a developing country hosting the meeting, the Fund will cover the costs.
218. In response to the questions raised by a Board member, a representative of the Interim Trustee noted that the costs to provide the Interim Trustee services to the Fund in 2014 were estimated to amount to approximately two per cent of the total administrative costs of the Fund, which compares favourably with trust fund management fees charged by other organizations, both public and private. The details of services provided by the Interim Trustee, including the participation in Board meetings, are described in document GCF/B.02-12/05/Rev.01.
219. The developed country Co-Chair noted that, having consulted with colleagues on the Board, there was broad support for the general outline of the budget and clear intent to provide the resources to build a strong Secretariat as soon as possible. He further noted that, because of this, developed countries are already close to raising sufficient resources to cover the administrative budget, and that he was confident that contributors will come forward with sufficient pledges to ensure that Secretariat will have the resources necessary to do its job in 2014.
220. The administrative budgets of the Board, the Secretariat and the Interim Trustee for the period from 1 January to 31 December 2014 (tables 1-3 of document GCF/B.05/21) are presented in Annex XXVI.

221. Following the discussion, the Board adopted the following decision:

DECISION B.05/20

The Board, having reviewed document GCF/B.05/21 Administrative Budget of the Fund for 2014:

- (a) Approves, from the resources available or to be made available in the GCF Trust Fund, the administrative budget of the Fund for the period from 1 January 2014 to 31 December 2014 of up to US\$ 18,817,566, as set out in Annex XXIII to this document;*
- (b) Notes that the Secretariat will continue to operate efficiently and will seek to maximize savings where possible;*
- (c) Approves, from the resources available or to be made available in the GCF Trust Fund, the budget cost of staff salaries and emoluments for the three-year contract period as follows:*
 - (i) For 2015: US\$ 12,042,101;*

- (ii) *For 2016: US\$ 12,403,364;*
- (iii) *For 2017: US\$ 3,125,835.*
- (d) *Authorizes the Interim Trustee to make cash transfers from the GCF Trust Fund to the Secretariat, and to the World Bank, as the Interim Trustee, in accordance with the administrative budget of the Fund approved by the Board, subject to adjustment based upon revised costs and expenditures to be incurred. In the event that the Interim Trustee determines that the amount of available resources in the GCF Trust Fund is insufficient to cover the total estimated budgets specified in paragraphs (a) and (c) above, the Board authorizes the Interim Trustee to make cash transfers to the Secretariat and the Interim Trustee up to the pro rata amount of available resources in the GCF Trust Fund to cover the total estimated budget as determined by the Interim Trustee;*
- (e) *Notes that the Secretariat will submit proposals for the full administrative budget of the Fund for 2015, 2016 and 2017 in due course.*

Agenda item 16: Arrangements with the Interim Trustee

- 222. The Co-Chairs introduced the agenda item. A representative of the Interim Trustee introduced document GCF/B.05/22 *Agreements with the Interim Trustee*.
- 223. A Board member expressed his support to the agreements proposed in the document.
- 224. The Board adopted the following decision:

DECISION B.05/21

The Board, having reviewed document GCF/B.05/22 Agreements with the Interim Trustee:

- (a) *Approves the Agreement on the Terms and Conditions for the Administration of the Green Climate Fund Trust Fund between the Green Climate Fund and the International Bank for Reconstruction and Development, serving as the Interim Trustee of the Green Climate Fund Trust Fund, presented in Annex XXIV to this document;*
- (b) *Authorizes the Executive Director of the Fund to execute, on behalf of the Fund, that Agreement, as well as the contribution agreements to be executed between the Fund, the Interim Trustee and the Contributors, as described in the Agreement;*
- (c) *Approves the Amendment to the Amended and Restated Transfer Agreement under the Green Climate Fund Trust Fund (MTO No. 069022), presented in Annex XXV to this document.*

Agenda item 17: Other business

A. Gender

- 225. The Co-Chairs introduced the agenda sub-item and a draft decision on this matter.
- 226. Several Board members expressed their support for the draft decision as a means of implementing the principle of a gender-sensitive approach as stipulated in the Governing Instrument.
- 227. A Board member proposed that a working document be presented at the first Board meeting of 2014, rather than the second one, as it should inform the on-going work of the Board.
- 228. This proposal was supported by several other Board members. It was suggested that, should the prioritizing of this document cause resource problems for the Secretariat, some countries should provide resources and expertise to support the Secretariat in developing the

document. The Co-Chairs stated that the document should be prepared in consultation with relevant bodies, including with observer organizations with the expertise in this area.

229. The question of the exact nature of the request to the Secretariat was raised by a Board member, who asked for clarification about the scope of the draft decision, and whether what was being requested was a modality or a procedure.

230. The Co-Chairs stated that the document should be a working document rather than a strategy document, and should outline options for a Fund-wide gender-sensitive approach, so that the Board can have an informed discussion of the matter.

231. Following the discussion, the Board adopted the following decision:

DECISION B.05/22

The Board:

- (a) *Reaffirms taking a gender-sensitive approach as outlined in the Governing Instrument;*
- (b) *Decides to consider, at its first meeting in 2014, a gender-sensitive approach to the Fund's objectives and operational policies;*
- (c) *Requests the Secretariat to present for consideration by the Board, at its first meeting in 2014, including through consultations with relevant bodies and observer organizations, a working document setting out the options for a Fund-wide gender-sensitive approach.*

B. Participation of observers in Board meetings

232. The Co-Chairs introduced the agenda sub-item and asked the Board to take note of the information presented in document GCF/B.05/Inf.05 *Observer Organization Accreditation and Observer Participation*.

233. The CSO active observer from the Third World Network proposed that this topic be discussed in detail at the next meeting, given that there was not sufficient time to do it at this meeting.

234. The Co-Chair proposed that the Secretariat should prepare a document on observer participation for the next meeting.

235. A Board member expressed the view that, in order to encourage serious consideration of the matter, the document should not be presented to the Board as an information document but as a working document.

236. The CSO active observer from the Third World Network stated that observers would like to provide input into that document. The Co-Chair affirmed her offer.

237. Following the discussion, the Board adopted the following decision:

DECISION B.05/23

The Board:

- (a) *Takes note of the information presented in document GCF/B.05/Inf.05;*
- (b) *Requests the Secretariat to prepare a document on the participation of observers in Board meetings for the consideration by the Board at its first meeting in 2014.*

C. Other business

238. The Board adopted the following decision:

DECISION B.05/24

The Board:

- (a) Decides that its first meeting in 2014 will take place on 19-21 February 2014 in Indonesia;
- (b) Decides that the arrangements for this meeting will be made according to the practice of the previous meetings that took place away from the headquarters.

Agenda item 18: Election of the Co-Chairs

239. The Board, in a closed executive session, elected Mr. Manfred Konukiewitz (Germany) and Mr. Jose Maria Clemente Sarte Salceda (Philippines) as the Co-Chairs for a period of one year.

Agenda item 19: Report of the meeting

240. The Co-Chairs informed the Board that the document containing the decisions adopted by the Board during the meeting (document GCF/B.05/Drf.01 *Decisions of the Board – Fifth Meeting of the Board, 8-10 October 2013*) and the draft report of the meeting (document GCF/B.05/Drf.02 *Draft Report of the Fifth Meeting of the Board, 8-10 October 2013*) would be circulated to the Board electronically. Board members will be asked to provide comments on the draft report which will be submitted for adoption at the next meeting.

Agenda item 20: Closure of the meeting

241. The meeting was closed on 10 October 2013.

Annex I: Initial result areas of the Fund

- (a) Design and planning of cities to support mitigation and adaptation;
- (b) Energy efficiency of buildings and appliances;
- (c) Energy efficiency of industrial processes;
- (d) Low-emission transport;
- (e) Low-emission energy access;
- (f) Small-, medium- and large-scale low-emission power generation;
- (g) Sustainable land use management to support mitigation and adaptation;
- (h) Sustainable forest management to support mitigation and adaptation including afforestation and reduction of forest degradation;
- (i) REDD+ implementation;
- (j) Adaptation activities to reduce climate-related vulnerabilities;
- (k) Selected “flagship” activities¹ cutting across adaptation result areas;
- (l) Readiness and capacity building for adaptation and mitigation activities;
- (m) Scaling up of effective community-based adaptation (CBA) actions; and
- (n) Supporting the coordination of public goods such as “knowledge hubs”.

¹ To be defined by the Board. They may include, for instance, reducing the high vulnerabilities of women and children in disasters; increasing the resilience of people in highly populated floodplains; adaptation-oriented infrastructure; effective risk spreading mechanisms, including insurance mechanisms; and encouraging the use of ecosystem-based adaptation actions.

Annex II: Performance indicators of the initial result areas of the Fund

| Indicator type | Initial result areas indicators |
|---|---|
| Project and programme outputs performance indicators Indicates the physical impact of Fund activities in terms of development and adaptation. | Mitigation |
| | (a) tCO ₂ -eq reduced through improved governance and planning systems for sustainable cities |
| | (b) Reduced emissions from buildings and appliances (tCO ₂ -eq/m ²) |
| | (c) Increased access to transportation with low-carbon transportation options (tCO ₂ /passenger km) |
| | (d) Reduced emission intensity of industrial production (tCO ₂ -eq/year) |
| | (e) Households with access to low-carbon modern technologies (Number of households served by off-grid or clearly identifiable on-grid renewable technologies) |
| | (f) Deployment of low-carbon power generation technologies (tCO ₂ /kWh) |
| | (g) Reduced emissions from sustainable land use management (tCO ₂ -eq/year) |
| | (h) Support to development of negative emission technologies (Number of carbon capture and storage projects, tCO ₂ sequestered) |
| | Adaptation |
| (a) Environmental effectiveness: including units of human health (disability-adjusted life years (DALYs)) and units of wealth (US\$) saved and enhanced | |
| (b) Cost-effectiveness: US\$/DALY and US\$ saved | |
| (c) Co-benefits: US\$/unit of co-benefit | |
| (d) Institutional feasibility: level of acceptance | |
| Transformative impact of Fund activities performance indicators Trends in the adoption of technology/best practice/business models for low-emission and climate-resilient development pathways at the country and global levels. Captures the overall impact of the Fund on development pathways. | Mitigation |
| | (a) Carbon intensity of nationally determined sectors (tCO ₂ /gross domestic product) |
| | (b) Facilitating the design of sustainable cities (tCO ₂ /capita) |
| | Adaptation |
| | (a) Environmental effectiveness: including units of human health (DALYs) and units of wealth (US\$) saved and enhanced |
| | (b) Cost-effectiveness: US\$/DALY and \$ saved |
| (c) Co-benefits: US\$/unit of co-benefit | |
| (d) Institutional feasibility: level of acceptance | |

Annex III: Guiding principles and factors for determining terms of financial instruments

- (a) Guiding principles applicable to public and private sector operations:
 - (i) Grant elements should be tailored to incremental cost or the risk premium required to make the investment viable, or to cover specific activities such as technical assistance;
 - (ii) Seeking the right level of concessionality, so as not to displace investments that would otherwise have occurred, including for private sector investment;
 - (iii) Levels of indebtedness capacity of the recipient should be taken into account so as not to encourage excessive indebtedness;
 - (iv) Structure terms on a case-by-case basis to address specific barriers;
 - (v) Avoid crowding out commercial financing;
 - (vi) Leveraging of other financing, including public and private financing, seeking to maximize leverage in the case of private financing;
 - (vii) Promote long-term financial sustainability; and
 - (viii) Apply due diligence to assess the risk to the investment.
- (b) When determining terms of financial instruments applicable to both public and private operations, the following factors will need to be taken into account:
 - (i) The average concessionality or grant element of the financial inputs to the Fund and the average concessionality or grant element of financial instruments of the Fund;
 - (ii) The grant element of concessional finance will be tailored to provide the appropriate incentive to facilitate the implementation of mitigation and adaptation activities;
 - (iii) Concessional forms of finance will be designed to minimize market distortions and potential disincentives to private investment;
 - (iv) The expertise and capacity of financial intermediaries and implementing entities; and
 - (v) The risk sharing between public and private investment, when relevant.

Annex IV: Basic criteria and indicative parameters

1. The three basic criteria and the related indicative parameters detailed below are intended to be used in considering the terms and conditions of instruments deployed by the Fund for mitigation and adaptation, including the private sector.

I. Contribution to the results areas of the Fund

2. Expected results, type, level and timing of impact towards the shift to low-emission and/or climate-resilient development pathways from the proposed activity.

1.1 Results: Areas and impact

3. Impact (description and/or quantification of expected results), in terms of:

- (a) Scope (programmatic or project-based);
- (b) Paradigm shift (contribution to a paradigm shift);
- (c) Market impact (minimize market distortion for private sources of finance, minimize market distortion from use of public resources, maximize positive market externalities and maximize predictability);
- (d) Integration (coherence and complementarity with relevant standards and safeguards); and
- (e) Co-benefits and costs associated with the proposal.

1.2 Types of activities

- (a) Programmatic-based (description of how the proposal will support expected results);
- (b) Project-based (description of how the proposal will support the expected results);
- (c) Capacity building and readiness (description of how the proposal will support the expected results);
- (d) Policy based

1.3 Level(s): Geographical scope of activities

- (a) International;
- (b) Regional;
- (c) National;
- (d) Sub-national.

1.4 Timing: Timeframe of the impact of activities

- (a) Near term;
- (b) Medium term;
- (c) Long term.

II. Viability of implementation

4. Likelihood of success, in particular:
 - (a) Track record (relevant experience of intermediary);
 - (b) Context (description of key policies, regulatory and/or market environment factors that will affect the delivery of results);
 - (c) Stakeholders (map of key actors and interests, demand for proposal and alignment of interests);
 - (d) Risk management (identification of key risks and mitigation/management approach for each);
 - (e) Funding structure (description of funding structure).

III. Efficient and catalytic use of resources

- (a) Budget (proposed budget using a specified template);
- (b) Efficient use of resources (explanation for the needed level of resources from the Fund, including an analysis of why lower funding would not be sufficient to achieve the desired results and an explanation of what would otherwise happen without access to the Fund's resources);
- (c) Catalytic use of resources (description of confirmed and potential sources of co-funding, including an estimate of the amount of co-funding and the probability of realization for each source).

Annex V: List of acknowledged best-practice fiduciary principles and standards

Basic fiduciary criteria

Table 1: Key administrative and financial capacities

| Fund/institution | Fiduciary principles and standards | Reference |
|------------------|---|--|
| GEF | <ul style="list-style-type: none"> • External financial audit • Financial management and control frameworks • Financial disclosure • Code of ethics • Internal audit | Global Environment Facility. 2007. <i>Recommended Minimum Fiduciary Standards for GEF Implementing and Executing Agencies</i> . (III.A. Audit, Financial Management and Control Framework). ^a |
| Adaptation Fund | <ul style="list-style-type: none"> • Legal status • Financial statements including project accounts statement and the provisions for internal and external audits • Internal control framework with particular reference to control over disbursements and payments • Preparation of business plans and budgets and ability to monitor expenditure in line with budgets | Adaptation Fund. 2010. <i>Accreditation Application</i> . (II. Financial Management and Integrity) ^b |
| EU DEVCO | <ul style="list-style-type: none"> • Accounting standards • Audit standards • Internal control standards (internal control framework; internal audit standards) • Procurement standards | Relevant provisions in: <ul style="list-style-type: none"> • EU DEVCO. 2010. <i>Questionnaire for the Assessment of Compliance with Criteria for Joint Management</i>.^c • Annex 2 to terms of reference of an assessment concerning indirect centralized management; Questionnaire; version August 2010^d |

^a http://www.thegef.org/gef/sites/thegef.org/files/documents/Recommended_Minimum_Fiduciary_Standard.pdf.

^b <https://www.adaptation-fund.org/node/192>.

^c http://ec.europa.eu/europeaid/work/framework-contract/audit2010/documents/tor-compliance-assessments/anx2_joint_mgt_en.doc.

^d Not publicly available but provided to the Interim Secretariat by EU DEVCO.

Table 2: Transparency and accountability

| Fund/institution | Fiduciary principles and standards | Reference |
|------------------|---|--|
| GEF | <ul style="list-style-type: none"> • Investigation function • Hotline and whistle-blower protection | Global Environment Facility. 2007. <i>Recommended Minimum Fiduciary Standards for GEF Implementing and Executing Agencies</i> . (III.C. Investigations). ^a |
| Adaptation Fund | <ul style="list-style-type: none"> • Policies and framework to deal with financial mismanagement and other forms of malpractices | Adaptation Fund. 2010. <i>Accreditation Application</i> . (IV. Transparency, self-investigative powers, and anti-corruption measures). ^b |
| EU DEVCO | <ul style="list-style-type: none"> • Accounting standards • Audit standards • Internal control standards (internal control framework; internal audit standards) • Procurement standards • Public access to information | Relevant provisions in: <ul style="list-style-type: none"> • EU DEVCO. 2010. <i>Questionnaire for the Assessment of Compliance with Criteria for Joint Management</i>.^c • Annex 2 to terms of reference for an assessment concerning indirect centralized management; Questionnaire; version August 2010.^d |

^a http://www.thegef.org/gef/sites/thegef.org/files/documents/Recommended_Minimum_Fiduciary_Standard.pdf.

^b <https://www.adaptation-fund.org/node/192>.

^c http://ec.europa.eu/europeaid/work/framework-contract/audit2010/documents/tor-compliance-assessments/anx2_joint_mgt_en.doc.

^d Not publicly available but provided to the Interim Secretariat by EU DEVCO.

Specialized fiduciary criteria

Table 3: Project/programme implementation

| Fund/institution | Fiduciary principles and standards | Reference |
|------------------|---|--|
| GEF | <ul style="list-style-type: none"> • Project appraisal standards • Procurement processes and guidelines • Monitoring and project-at-risk systems • Evaluation function | Global Environment Facility. 2007. <i>Recommended Minimum Fiduciary Standards for GEF Implementing and Executing Agencies</i> . (III. B. Project/Activity Processes and Oversight). ^a |
| Adaptation Fund | <ul style="list-style-type: none"> • Procurement • Project preparation and approval. This should include impact (environment, socio-economic, political, etc.) assessment study with risk assessment and mitigation plans • Project implementation planning and quality-at-entry review • Project monitoring and evaluation during implementation • Project closure and final evaluation | Adaptation Fund. 2010. <i>Accreditation Application</i> . (III: Requisite institutional capacity). ^b |
| EU DEVCO | <ul style="list-style-type: none"> • Accounting standards • Audit standards • Internal control standards (internal control framework; internal audit standards) • Procurement standards • Public access to information | Relevant provisions in: <ul style="list-style-type: none"> • EU DEVCO. 2010. <i>Questionnaire for the Assessment of Compliance with Criteria for Joint Management</i>.^c • Annex 2 to terms of reference for an assessment concerning indirect centralized management; Questionnaire; version August 2010.^d |

^a http://www.thegef.org/gef/sites/thegef.org/files/documents/Recommended_Minimum_Fiduciary_Standard.pdf.

^b <https://www.adaptation-fund.org/node/192>.

^c http://ec.europa.eu/europeaid/work/framework-contract/audit2010/documents/tor-compliance-assessments/anx2_joint_mgt_en.doc.

^d Not publicly available but provided to the Interim Secretariat by EU DEVCO.

Table 4: Funding mechanisms and systems (in the case of funding entities)

| Fund/institution | Fiduciary principles and standards | Reference |
|------------------|---|--|
| EU DEVCO | <ul style="list-style-type: none"> • Grant award procedures • Transparent allocation of financial resources (including trust fund management functions) | Relevant provisions in: <ul style="list-style-type: none"> • EU DEVCO. 2010. <i>Questionnaire for the Assessment of Compliance with Criteria for Joint Management</i>.^a • Annex 2 to terms of reference for an assessment concerning indirect centralized management; Questionnaire; version August 2010.^b |

^a http://ec.europa.eu/europeaid/work/framework-contract/audit2010/documents/tor-compliance-assessments/anx2_joint_mgt_en.doc.

^b Not publicly available but provided to the Interim Secretariat by EU DEVCO.

Table 5: Financial intermediation, blending and structuring

| Fund/institution | Fiduciary principles and standards | Reference |
|-------------------------|--|--|
| EU DEVCO | <ul style="list-style-type: none"> • Grant award procedures • Track record in reimbursable lending activities • Transparent allocation of financial resources (including trust fund management functions) | Relevant provisions in: <ul style="list-style-type: none"> • EU DEVCO. 2010. <i>Questionnaire for the Assessment of Compliance with Criteria for Joint Management</i>.^a • Annex 2 to terms of reference for an assessment concerning indirect centralized management; Questionnaire; version August 2010.^b |

^a http://ec.europa.eu/europeaid/work/framework-contract/audit2010/documents/tor-compliance-assessments/anx2_joint_mgt_en.doc.

^b Not publicly available but provided to the Interim Secretariat by EU DEVCO.

Table 6: Readiness and preparatory support

| Fund/institution | Fiduciary principles and standards | Reference |
|-------------------------|---|---|
| GEF | <ul style="list-style-type: none"> • Relevance in relation to objectives and guiding principles of the Fund • Networks and contacts | Global Environment Facility. 2011. Procedure: Accreditation of GEF Project Agencies. (Annex I. Value-added review criteria; Core value-added review criteria; 1. Relevance; 6. Networks and contacts). ^a |

^a <http://www.thegef.org/gef/content/procedure-accreditation-gef-project-agencies>.

Annex VI: List of entities with acknowledged environmental and social safeguards

| Entity | Relevant environmental and social safeguards | Reference |
|--|--|---|
| World Bank | <i>Social Safeguards and Policies</i> | < http://go.worldbank.org/WTA10DE7T0 > |
| International Finance Corporation | <i>Performance Standards and Guidance Notes – 2012 Edition</i> | < http://www.ifc.org/wps/wcm/connect/Topics_Ext_Content/IFC_External_Corporate_Site/IFC+Sustainability/Sustainability+Framework/Sustainability+Framework+-+2012/Performance+Standards+and+Guidance+Notes+2012/ > |
| Global Environment Facility | <i>GEF Policy on Agency Minimum Standards on Environmental and Social Safeguards (GEF/C.41/10/Rev.1)</i> | < http://www.thegef.org/gef/content/gef-policy-agency-minimum-standards-environmental-and-social-safeguards-standards > |
| Global Environment Facility | <i>GEF Policy on Gender Mainstreaming (GEF/PL/SD/02)</i> | < http://www.thegef.org/gef/policy/gender > |
| Forest Carbon Partnership Facility | <i>Common Approach to Environmental and Social Safeguards</i> | < http://www.forestcarbonpartnership.org/common-approach-environmental-and-social-social-safeguards > |
| United Nations Framework Convention on Climate Change: The Cancun Agreements: Outcome of the Work of the Ad Hoc Working Group on Long-term Cooperative Action under the Convention | Decision 1/CP.16, Appendix I, paragraph 2. FCCC/CP/2010/7/Add.1. | < http://unfccc.int/resource/docs/2010/cop16/eng/07a01.pdf#page=2 > |

Annex VII: List of considerations and initial criteria to inform the development of the Fund's own criteria for the accreditation of intermediaries and implementing entities

I. Issues to consider

1. Do the basic fiduciary criteria discussed above satisfy the best-practice standards required to achieve the Fund's objectives and guiding principles?
2. What additional specialized fiduciary criteria are needed for a consistent, thorough and reliable accreditation of implementing entities, intermediaries and funding entities?
3. What should be the definitions of implementing entities, intermediaries and funding entities and what are the minimum key institutional capacities expected in each of them?
4. What other additional elements should be considered to determine readiness and appropriate institutional capacity, by implementing entities, intermediaries and funding entities, to effectively contribute to the Fund's overarching objectives and guiding principles?
5. Would differentiated accreditation processes for certain activities, according to defined criteria, be appropriate?
6. What are the relevant environmental and social safeguards directly related to the Fund's objectives and guiding principles?
7. What are the best-practice examples and lessons learned in the application of environmental and social safeguards to funding proposals?

II. Additional criteria to enhance transparency, effectiveness and efficiency

8. Additional criteria to enhance transparency may be aimed at enhancing country ownership in the context of different capacities and capabilities of countries, and may be applied at an appropriate stage of the accreditation process to enhance effectiveness and efficiency.
9. The following criteria, some of which are based on the GEF criteria, may be considered for sub-national, national and regional implementing entities, intermediaries and funding entities:
 - (a) No-objection – the application for accreditation has been communicated by the relevant NDA or focal point;
 - (b) Legal status – the applicant entity has full legal capacity to become an accredited entity of the Fund;
 - (c) The degree to which an applicant's mission and/or areas of work overlap with the Fund's mission, its focal areas and other relevant areas;
 - (d) Demonstration of environmental or climate change adaptation results (whether the applicant has a track record of achieving clear, positive environmental benefits in its areas of engagement relevant to the Fund);
 - (e) Whether the applicant is likely to have the capability to implement or execute a project at the level of a funding proposal presented at the time of application;

- (f) Whether the applicant has the capacity to leverage co-financing for projects at a meaningful level in the context of the Fund;
 - (g) How efficiently the institution converts inputs into outputs;
 - (h) Whether the applicant has at its disposal, networks of collaborators and experts at the regional and national level.
10. Additional criteria that may also be considered could include those used by the GEF, which refer to: project experience, type of project, enhancement of country ownership and, in the case of nongovernmental or regional organizations, previous execution of a GEF project.
11. The following criteria may also be considered, among others, for all intermediaries, funding entities and implementing entities seeking accreditation with the Fund:
- (a) Readiness – experience in the intended field of activities;
 - (b) Institutional presence and potential for meaningful impact;
 - (c) Overall institutional and legal context;
 - (d) General institutional preparedness.
12. These criteria will be continuously monitored in order to reflect the evolving nature of the Fund’s requirements and to reflect lessons learned.

Annex VIII: Existing intermediaries and implementing entities accredited by other relevant funds

I. Global Environment Facility

Table 1: GEF agencies and project agencies

| GEF agencies: | Acronym |
|--|----------------|
| African Development Bank | AfDB |
| Asian Development Bank | ADB |
| Inter-American Development Bank | IDB |
| International Fund for Agricultural Development | IFAD |
| United Nations Development Programme | UNDP |
| United Nations Environment Programme | UNEP |
| World Bank (International Bank for Reconstruction and Development) | IBRD |
| Food and Agriculture Organization of the United Nations | FAO |
| United Nations Industrial Development Organization | UNIDO |
| European Bank for Reconstruction and Development | EBRD |
| GEF project agencies with conditional accreditation: | |
| Development Bank of Southern Africa | DBSA |
| World Wildlife Fund, Inc. | WWF-US |
| Conservation International | CI |

1. The GEF secretariat updated the GEF Council on agency progress on meeting GEF's Minimum Fiduciary Standard.¹ Four agencies had outstanding issues in order to fully comply with the GEF Fiduciary Standards: FAO, UNDP, UNEP and UNIDO. The GEF secretariat informed the GEF Council that, based on evidence presented, UNDP complied with all fiduciary standards. The other three GEF agencies (FAO, UNEP and UNIDO) continue to make progress towards meeting the fiduciary standards according to their action plans, but no publicly available information can confirm if that process has been completed.

2. In the case of DBSA, WWF-US and CI, the three entities received conditional accreditation. According to paragraph 48 of the GEF Council document GEF/C.41/10/Rev.1, the GEF Accreditation Panel may give conditional approval to an applicant agency that has demonstrated full compliance with the GEF's minimum fiduciary standards, but does not yet fully comply with the GEF's environmental and social safeguards, including gender mainstreaming. These three entities have a grace period of up to one year to complete the necessary steps to fully adhere to the GEF's safeguards.

¹ GEF. 2012. *Agency Progress on Meeting the GEF Fiduciary Standards*. GEF/C.42/Inf.11. Available at <http://www.thegef.org/gef/council_document/agency-progress-meeting-gef-fiduciary-standards>.

II. Adaptation Fund

Table 2: Adaptation Fund – Multilateral implementing entities

| Name | Acronym |
|--|---------|
| African Development Bank ^a | AfDB |
| Asian Development Bank | ADB |
| Inter-American Development Bank | IDB |
| International Fund for Agricultural Development | IFAD |
| United Nations Development Programme | UNDP |
| United Nations Environment Programme | UNEP |
| World Bank (International Bank for Reconstruction and Development) | IBRD |
| United Nations World Food Programme | WFP |
| World Meteorological Organization | WMO |
| United Nations Educational, Scientific and Cultural Organization | UNESCO |

^a AfDB was accredited by the Adaptation Fund Board, subject to conditions. It is not clear if these conditions have already been met to the satisfaction of the Adaptation Fund Board.

Table 3: Adaptation Fund – Regional implementing entities

| Name | Acronym | Country |
|--|---------|---------|
| West African Development Bank ^a | BOAD | Togo |
| Sahara and Sahel Observatory | OSS | Tunisia |

^a BOAD was accredited by the Adaptation Fund Board subject to conditions. It is not clear if these conditions have already been met to the satisfaction of the Adaptation Fund Board.

Table 4: Adaptation Fund – National implementing entities

| Name | Acronym | Country |
|---|------------------|--------------|
| Planning Institute of Jamaica | PIJ | Jamaica |
| Centre de Suivi Ecologique ^a | CSE | Senegal |
| Agencia Nacional de Investigación e Innovación | ANII | Uruguay |
| National Environment Fund ^b | NEF | Benin |
| South African National Biodiversity Institute | SANBI | South Africa |
| Protected Areas Conservation Trust ^c | PACT | Belize |
| Ministry of Planning and International Cooperation ^d | MPIC | Jordan |
| Ministry of Natural Resources ^e | MINIRENA | Rwanda |
| National Environment Management Authority | NEMA | Kenya |
| Mexican Institute of Water Technology | IMTA | Mexico |
| Unidad para el Cambio Rural | UCAR | Argentina |
| National Bank for Agriculture and Rural Development | NABARD | India |
| Fundecooperación Para el Desarrollo Sostenible | Fundecooperación | Costa Rica |
| Agency for Agricultural Development | ADA | Morocco |
| Agencia de Cooperación Internacional de Chile | AGCI | Chile |

^a CSE was required to submit more frequent reporting, but the condition did not question substantial institutional capacities.

^b NEF was accredited by the Adaptation Fund Board subject to conditions. It is not clear whether these conditions have already been met to the satisfaction of the Adaptation Fund Board.

^c PACT was accredited by the Adaptation Fund Board subject to conditions. It is not clear whether these conditions have already been met to the satisfaction of the Adaptation Fund Board.

^d MPIC was accredited by the Adaptation Fund Board subject to conditions. It is not clear whether these conditions have already been met to the satisfaction of the Adaptation Fund Board.

^e MINIRENA was required to submit more frequent reporting, but the condition did not question substantial institutional capacities.

III. EU DEVCO

3. EU DEVCO provided the interim Secretariat with a list of entities that have been subject to the “six-pillar” assessment under its “Indirect Centralized Management” modality. However, EU DEVCO indicated that such information is subject to change, so publication on an external website is not desirable. Furthermore, information on the entities that successfully completed the assessment is confidential.

Annex IX: Terms of reference of senior international experts to serve in the Board team for the development of the guiding framework for the Fund's accreditation process

I. Role and mandate

1. The senior international experts will provide expert advice to the Board team and Secretariat in the development of the guiding framework for the Fund's accreditation process on the following matters:
 - (a) The Fund's own environmental and social safeguards and fiduciary principles and standards;
 - (b) The criteria and application procedures for the accreditation of intermediaries and implementing entities of the Fund;
 - (c) The most appropriate governance and organizational approach for the Fund's accreditation process, including a recommendation on an Independent Technical Advisory Function to assist the Secretariat in the accreditation process, taking into account Annex X and Annex XI to this document, and terms of reference, contained in Annex XI, as appropriate;
 - (d) An assessment of the list of institutions accredited to other funds, as contained in Annex VIII to this document, in light of the guiding framework for the Fund's accreditation process;
 - (e) Additional modalities that further enhance direct access, including through funding entities, with a view to enhancing country ownership of projects and programmes, for consideration by the Board at its first meeting in 2014;
 - (f) Other expert support activities relevant to the context of this mandate.

II. Selection and nomination

2. The senior international experts will be nominated by the Executive Director through an open call for expressions of interest, and a transparent and competitive selection process.
3. The senior international experts will bring proven competencies and senior expertise, in particular in the following fields:
 - (a) Governance systems, financial management, audit and control framework;
 - (b) Project management cycle and activity oversight;
 - (c) Transparency, investigation and anti-fraud provisions;
 - (d) Financial intermediation and/or financial sector supervision and oversight;
 - (e) Environmental and social safeguards.

III. Modalities of work

4. The senior international experts will report and be accountable to the Executive Director and work in collaboration with the team of four Board members/alternate members who will oversee the development of the guiding framework for the Fund's accreditation process by the Secretariat and Secretariat staff.

5. The Secretariat will determine the most appropriate modalities of work, including the possibility of arranging meetings of experts, which may be held with members being either physically or electronically present.
6. The senior international experts will be bound by these terms of reference as well as by other relevant policies of the Fund, which will apply *mutatis mutandis* throughout the duration of their mandate.

IV. Compensation

7. Travel costs, daily subsistence allowance and a daily fee will be paid to senior expert members attending meetings of the team in accordance with the Fund's rules and regulations.
8. Senior international experts will also be entitled to remuneration for specific tasks to be requested by the team or the Secretariat by means of payment of daily fees, subject to the input being of good quality and delivered in time. The daily fee will be determined in accordance with the Fund's rules and regulations. The number of days necessary to complete a task will be determined by the Secretariat in consultation with the expert concerned.
9. Provisions on damages, compensation and liabilities will be applied in accordance with the Fund's rules and regulations.

V. Disclosure of conflict of interest

10. All senior international experts serving in the team will disclose any actual, potential or perceived conflict of interest in relation to any of the activities, discussions and recommendations resulting from the exercise of their function. These will be disclosed to the team and the Secretariat appropriately and in a timely manner.

VI. Revision and termination of the terms of reference of senior experts

11. The mandate and terms of reference of senior experts will terminate upon conclusion of the task and no later than the conclusion of the second Board meeting in 2014.

Annex X: Guiding framework for the Fund's accreditation process

I. Background

1. The Fund's accreditation process will be fundamental in ensuring that all sub-national, national, regional and international intermediaries and implementing entities working with the Fund meet all its required best-practice fiduciary principles and standards and environmental and social safeguards, and that these entities are fully aligned with the Fund's objectives and guiding principles.

II. Guiding principles for the accreditation process

2. The guiding principles for the accreditation process aim to ensure that:
- (a) The Fund's fiduciary principles and standards and environmental and social safeguards are consistently in line with international best-practices and standards, and systematically endeavour to reflect the best of the experience and lessons learned by relevant institutions;
 - (b) Its governance system, procedures and organizational approach ensure accountability, transparency, fairness and adequate professionalism in the accreditation process;
 - (c) Its modalities pursue rigorous, objective and systematic assessment and review processes while giving due attention to special circumstances of applicant entities, particularly in the context of the direct access modality.

III. Fund's fiduciary principles and standards

3. The Fund's fiduciary principles and standards may distinguish between basic fiduciary criteria and specialized fiduciary criteria, which will reflect the institutional capacities necessary to deliver against the Funds objectives.

3.1 Basic fiduciary criteria

4. The Fund's basic fiduciary criteria refer to the basic institutional capacities that intermediaries, funding entities and implementing entities will meet in relation to:
- (a) Key administrative and financial capacities;
 - (b) Transparency and accountability.

3.2 Specialized fiduciary criteria

5. The Fund's specialized fiduciary criteria refer to the basic institutional capacities that intermediaries, funding entities and implementing entities will meet in relation to:
- (a) Project/programme implementation;
 - (b) Funding mechanisms and systems;
 - (c) Financial intermediation, blending and structuring;
 - (d) Readiness and preparatory support.

IV. Fund's environmental and social safeguards

6. The Fund's environmental and social safeguards will refer to a set of criteria addressing key environmental and social risks in the implementation of funding activities to be funded by the Fund.

7. These will consider, inter alia:

- (a) Environmental assessment;
- (b) Natural habitats;
- (c) Pest management;
- (d) Indigenous peoples;
- (e) Physical cultural resources;
- (f) Involuntary resettlement;
- (g) Forests;
- (h) Safety of dams;
- (i) Projects in international waterways;
- (j) Projects in disputed areas;
- (k) Gender mainstreaming.

V. Additional criteria to enhance transparency, effectiveness and efficiency

8. Additional criteria to enhance transparency, effectiveness and efficiency will be aimed at enhancing country-ownership in the context of different capacities and capabilities of countries.

9. The following criteria will be considered, among others, including the GEF value-added criteria, for sub-national, national and regional implementing entities, intermediaries and funding entities:

- (a) No-objection – the application for accreditation has been communicated by the relevant NDA or focal point;
- (b) Legal status – the applicant entity has full legal capacity to become an accredited entity of the Fund.

10. The following criteria will be considered, among others, for all entities seeking accreditation with the Fund:

- (a) Readiness – experience in the intended field of activities;
- (b) Institutional presence and potential for meaningful impact;
- (c) Overall institutional and legal context;
- (d) General institutional preparedness.

11. These criteria will be continuously monitored in order to reflect the evolving nature of the Fund's requirements and to reflect lessons learned.

VI. Governance

12. The accreditation process will include and be conducted, implemented and supported by the following actors:

- (a) The Board;
- (b) The Secretariat;
- (c) The Independent Technical Advisory Function of the Secretariat;
- (d) External technical experts;
- (e) Assessment and review teams.

6.1 Role and mandate of the Board

13. As defined by the Governing Instrument, the Board will develop, manage and oversee an accreditation process for all implementing entities based on specific accreditation criteria that reflect the Fund's fiduciary principles and standards and environmental and social safeguards. The Board will therefore be the ultimate decision-making body on accreditation and overall policy guidance on accreditation matters, and will oversee the accreditation process as per the accreditation framework set forth in document GCF/B.05/08.

6.2 Role and mandate of the Secretariat

14. The Secretariat will play a pivotal role in supporting the accreditation procedures and processes, under the overall guidance of the Board and expert advice of the Independent Technical Advisory Function. The Secretariat will be responsible for the following core functions:

- (a) Development and elaboration of criteria for accreditation of sub-national, national, regional and international intermediaries and implementing entities of the Fund;
- (b) Operationalization of the accreditation procedures of the Fund based on the best-practice fiduciary principles and standards and environmental and social safeguards of the Fund, and execution of all necessary and related activities, including the implementation, management and maintenance of supporting systems;
- (c) Overall responsibility, in consultation with the Independent Technical Advisory Function as deemed necessary, for the full design, implementation and execution of assessment and review processes for the operationalization of the accreditation procedures, including the organization of assessment and review teams and engagement of external technical experts;
- (d) Presentation of the outcomes of the assessment and review processes to the Independent Technical Advisory Function for expert endorsement;
- (e) Setting up and managing the teams in charge of the assessment and review of individual applications for accreditation;
- (f) All administrative and logistical arrangements, as well as operational support, for the meetings of the Independent Technical Advisory Function;
- (g) Implementation, operation and execution of any other functions and/or activities necessary to effectively carry out its responsibilities in the accreditation process.

15. Staff members supporting the accreditation-related functions in the Secretariat will possess necessary competency and professionalism to ensure that all responsibilities listed

above are properly fulfilled. The Secretariat will provide for dedicated expertise to support the accreditation process.

6.3 External technical experts

16. External technical experts will be engaged by the Secretariat in the assessment and review of individual applications for accreditation. Independent and recognized professionals or specialized consultancy firms will need to demonstrate experience and expertise in relevant areas in order to qualify as external technical experts.
17. The Secretariat will be responsible for setting up and managing a roster of external technical experts through an open, competitive and transparent selection process, which should strive to ensure availability of relevant competencies and achieve gender and regional balance where possible.
18. The Secretariat will periodically review the roster of external technical experts in consultation with the Independent Technical Advisory Function, as deemed necessary.
19. External technical experts will be compensated in accordance with relevant administrative provisions for contracting external technical support. Consequently, external technical experts will be bound by standard contractual regulations relating to the provision of consultancy services to the Fund.

6.4 Assessment and review teams

20. In order to ensure sound technical expertise, the Secretariat will constitute teams to perform the assessment and review of individual applications for accreditation.
21. Each assessment and review team will be composed of one senior staff member, one professional staff member, one or more external independent experts taken from the roster of external technical experts, and one team assistant. The Secretariat may assign additional professional staff members with relevant expertise from different units within the Secretariat should the Executive Director so decide.
22. The Secretariat will develop and institute standard terms of reference to guide the work of the assessment and review teams, bearing in mind that the team will be responsible for undertaking the in-depth review of all fiduciary standards and environmental and social safeguards of the applicant entity against the Fund's best-practice fiduciary principles and standards and environmental and social safeguards.
23. The Secretariat will be responsible for elaborating the conclusions, recommendations and report of the assessment and review teams on each application for accreditation, and seek expert advice and endorsement, as deemed necessary, from the Independent Technical Advisory Function.
24. Assessment and review teams will be ad-hoc and set up only for the conduct of the assessment and review of a specific application for accreditation. Therefore, termination of each assessment and review team will occur automatically on conclusion of the assessment and review process.
25. Assessment and review teams will be able to consult on a regular basis, or as needed, with the Independent Technical Advisory Function throughout the assessment and review cycle.

6.5 Role and mandate of the Independent Technical Advisory Function

26. The Independent Technical Advisory Function will function as an independent senior expert advisory body of the Secretariat. The scope of its advice will include, inter alia, matters relating to: fiduciary principles and standards and environmental and social safeguards; international and recognized best-practices in accreditation procedures and systems; preparatory support in relation to accreditation with the Fund; and outcomes of in-depth assessment and review of individual applications for accreditation.

VII. Accreditation cycle

27. The accreditation cycle will provide the general context for the detailed definition of the accreditation process. The accreditation process therefore will outline, in a coherent, correlative and sequential manner, the steps, actions and actors that will be followed and included throughout the accreditation cycle.

28. The Secretariat will be responsible, under the overall guidance of the Board, for operationalizing and ensuring appropriate implementation of the accreditation cycle and process.

29. In line with the guiding principles set forth under this framework, the accreditation process will broadly be based on a three-stage cycle, each one intending to address the core elements as follows:

7.1 Stage 1: No-objection and readiness

30. Stage 1 will focus on ensuring country ownership, validating the legal capacity of the applicant entity and assessing its readiness in relation to the Fund's overarching objectives and guiding principles.

7.2 Stage 2: Assessment and review process

31. Stage 2 of the accreditation procedure will contain all necessary provisions to identify the different steps, requirements, actions, inputs and outputs for the in-depth assessment and review of an application for accreditation against the Fund's best-practice fiduciary principles and standards and environmental and social safeguards.

7.3 Stage 3: Final validation and arrangements

32. Stage 3 will conclude the process through the validation and finalization of formal arrangements between the applicant entity and the Fund upon successful completion of Stage 2. This will include validation and registration of payment instructions, conclusion of a memorandum of understanding, and other formal arrangements that may be needed between the applicant entity, the Secretariat and the Trustee.

VIII. Revision of the accreditation framework

33. The accreditation framework will be an evolving process intending to ensure continuous improvement and alignment with international best-practices.

34. The Secretariat will be responsible for proposing to the Board any necessary revision of this framework at any time.

Annex XI: Terms of reference of the Independent Technical Advisory Function of the Secretariat

I. Role and mandate

1. As set out in the guiding framework for the Fund's accreditation process, the Independent Technical Advisory Function will be an independent senior expert advisory body of the Secretariat on the matters relating to:
 - (a) Expert policy advice on best-practice fiduciary principles and standards and environmental and social safeguards;
 - (b) Expert advice on international and recognized best-practices in accreditation procedures and systems;
 - (c) Expert policy advice on readiness and preparatory support in relation to accreditation with the Fund;
 - (d) Expert policy advice on developing countries' special circumstances;
 - (e) Independent technical advice on the results of the in-depth assessment and review of individual applications for accreditation; and
 - (f) Expert advice on matters of interpretation, complaints and appeal.

II. Composition

2. The Independent Technical Advisory Function will be composed of at least four senior expert members, and may also include expert observer members.

2.1 Chair

3. The Executive Director will function as the Chair of the Independent Technical Advisory Function. In the event of absence or inability to participate in meetings of the Independent Technical Advisory Function, the Executive Director may nominate a senior Secretariat staff member to replace her or him.

2.2 Senior expert members

4. The senior expert members of the Independent Technical Advisory Function will be selected and appointed by the Executive Director, through an open, competitive and transparent selection process. The composition of the senior expert members should ensure availability in the Independent Technical Advisory Function of at least the following core areas of competency:
 - (a) Governance systems, financial management, audit and control framework;
 - (b) Project management cycle and activity oversight;
 - (c) Transparency, investigation and anti-fraud provisions;
 - (d) Financial intermediation and/or financial sector supervision and oversight; and
 - (e) Environmental and social safeguards.
5. Senior expert members will therefore demonstrate recognized capacity and expertise in their fields of competency, supported by a successful career track at senior and executive level. In addition to this, each senior expert member will be able to demonstrate unquestionable

personal reputation, integrity and ethical behaviour throughout his or her professional trajectory.

6. Senior expert members may be appointed for a consecutive term upon approval by the Executive Director.

2.3 Expert observer members

7. Expert observer members from specialized entities may be invited to participate in the Independent Technical Advisory Function to enhance the capacity and transparency of its work.

8. The Executive Director, upon recommendation by the Independent Technical Advisory Function, will issue an invitation to the expert observer member, or the institution he or she represents. Due to the confidential nature of information relating to individual applications for accreditation, participation by expert observer members will be limited to policy deliberations, unless requested otherwise by the Independent Technical Advisory Function in consultation with the Secretariat.

9. The Independent Technical Advisory Function will agree, in consultation with the Secretariat, on the modalities for participation by expert observers. These modalities may be revised at any time to reflect the evolving needs of the Independent Technical Advisory Function.

10. Participation as expert observers may be revoked by the Executive Director at any time. In such cases, the Secretariat will inform the individual concerned, as well as the entity he or she represents. Revocation of participation in the Independent Technical Advisory Function as expert observer will not be subject to appeal.

II. Modalities of work

11. The Independent Technical Advisory Function will operate as a senior and independent technical advisory body of the Secretariat, and work under the direction of the Executive Director. The Independent Technical Advisory Function will be bound by these terms of reference as well as by relevant policies, including a code of conduct, to be developed and adopted by the Board. Any other relevant guidelines to be adopted by the Board will apply mutatis mutandis to the Independent Technical Advisory Function.

12. Meetings of the Independent Technical Advisory Function may be held with members being either physically or electronically present. The dates and modalities of meetings will be determined by the Executive Director, in her or his role as Chair of the Independent Technical Advisory Function, taking into account criteria of efficiency and effectiveness.

13. The Executive Director will define the agenda and calendar of meetings of the Independent Technical Advisory Function. The Secretariat will provide all necessary administrative and logistical arrangements to support the meetings.

14. The Independent Technical Advisory Function may also develop rules and procedures, in addition to the above, that are necessary to enhance transparency and effectively guide the conduct of its meetings. The Executive Director will submit to the Board the additional agreed rules and procedures for endorsement.

III. Compensation

15. Travel and accommodation costs, Per Diem Payment and a daily fee will be paid to senior expert members attending a meeting of the Independent Technical Advisory Function in accordance with the Fund's rules and regulations.

16. If a senior expert member of the Independent Technical Advisory Function is requested to carry out a specific task between meetings, they will be compensated for the task undertaken by means of payment of daily fees, subject to the input being of good quality and delivered in good time. The daily fee will be determined in accordance with the Fund's rules and regulations. The number of days necessary to complete a task will be determined by the Secretariat.

17. Expert observer members will not receive any payment and will be supported in their participation in meetings entirely by the entities they represent. The Fund will have no liability in connection to the invitation for participation by the expert observer in the meetings and any consequent participation by the expert observer, nor will the Fund be liable for any damages or claims by expert observers in connection to any activity relating to the work of the Independent Technical Advisory Function.

IV. Disclosure of conflict of interest

18. All members of the Independent Technical Advisory Function should disclose any actual, potential or perceived conflict of interest in relation to any of the activities, discussions and recommendations of the Independent Technical Advisory Function. These will be recorded and communicated appropriately to the Secretariat.

19. Furthermore, at the time of appointment, all members of the Independent Technical Advisory Function will sign the oath contained in the Appendix to these terms of reference.

V. Revision and termination of the terms of reference of the Independent Technical Advisory Function

20. The Executive Director may revise these terms of reference as necessary in order to incorporate lessons learned and to reflect the evolving needs of the accreditation process of the Fund.

21. The mandate and terms of reference of the Independent Technical Advisory Function may be revised or terminated by the Executive Director, if deemed necessary.

Appendix: Oath to be taken by members of the Independent Technical Advisory Function

“I solemnly declare that I shall perform my duties as a member of the Independent Technical Advisory Function, honourably, faithfully, impartially and conscientiously.

I further solemnly declare and promise that I shall disclose any financial interest or any other real or perceived conflict of interest in: accreditation of sub-national, national, regional and/or international intermediaries and implementing entities of the Fund; consideration and advice on best-practice fiduciary principles and standards and environmental and social safeguards; and, in general, in any other matter in connection with the fulfilment of the mandate of the Independent Technical Advisory Function.

I shall refrain from participating in the consideration of accreditation applications or policy discussions where any financial interest or any other real or perceived conflict of interest may arise, or where any personal circumstance might be incompatible with the requirements of integrity and impartiality expected of a member of the Independent Technical Advisory Function,

Subject to my responsibilities to the Independent Technical Advisory Function, I shall not disclose, even after the termination of my functions, any confidential or proprietary information which is transferred to the Board or the Secretariat, or any other confidential information coming to my knowledge by reason of my duties for the Independent Technical Advisory Function.”

Full name: _____

Date: _____

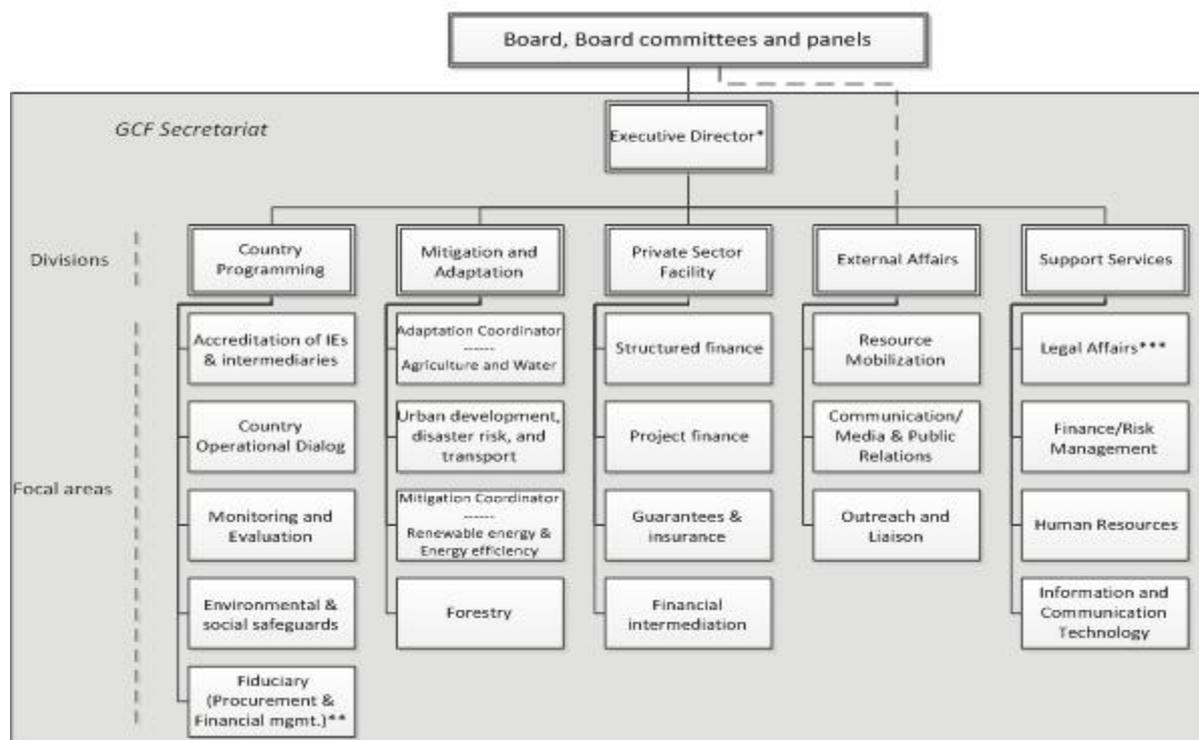
Signature: _____

Annex XII: Initial structure of the Secretariat



Figure 1. Initial structure of the Secretariat

Annex XIII: Organizational diagram - Initial structure of the Secretariat in 2014



* Initial estimated staff requirement: 1 professional level staff member to support the Executive Director.

** In addition to their corporate responsibilities and tasks, this focal area will work closely with and for the Country Programming division.

***Provides legal, policy and strategic advice to the Executive Director, the Secretariat and the Board.

Annex XIV: Job profiles and staffing table

1. The **Directors** of the five divisions, together with the Executive Director, form the management team of the Secretariat. They will be leaders and expert individuals with substantive experience and demonstrated success, both academically and in their professional career. Extensive cross-cultural leadership skills, demonstrated ability to manage timelines, dependencies and deliverables will be a pre-requisite. Among other tasks, they will be responsible to:
 - (a) Oversee, plan, implement, manage, review and control the operations of their divisions;
 - (b) Establish and maintain collaborative relationships internally (e.g. with the other divisions) as well as externally;
 - (c) Provide strategic and operational guidance and advice to the Executive Director;
 - (d) Optimize the potential of their respective teams through leadership, supported by learning and development and continuous coaching that will utilize and develop this potential to optimally benefit the Fund;
 - (e) Establish a culture of performance and ensure the delivery of the high volume of outputs while respecting work life balance; and
 - (f) Support the values and objectives of the Fund.
2. The specialist roles will be varying in level, from entry to mid and senior-level specialists. The levels of the posts will be determined based on the complexity of tasks and responsibilities, as well as the experience and educational background required to fulfil the functions of the respective post. The specialists will be responsible, among other tasks, to:
 - (a) Provide substantive support for and contribute to the design and implementation of the work plan of their division;
 - (b) Propose ideas and strategies to enhance institutional capacity;
 - (c) Perform assessments, analyses, and forecasts;
 - (d) Establish and maintain collaborative relationships;
 - (e) Ensure deadlines are met and the quality of their outputs is high; and
 - (f) Support the values and objectives of the Fund.
3. The support staff will provide general overall support, but also, where applicable, specific support, such as a legal clerk, an HR clerk, etc.
4. The academic qualifications and professional requirements for the different positions will also be guided by the relevant administrative framework under development, and consistent with Asian Development Bank's (ADB) practices.
5. The staffing table (Table 1) presents an indicative staffing allocation in the respective divisions; however the Executive Director may need to reassign staff. Staff members will need to be flexible and adaptable to support the initial phase of the team set-up.
6. The total administrative costs relating to the proposed initial structure and staffing of the Secretariat, in accordance with the Fund's remuneration and benefits scheme, as well as the costs associated with facilitating the interviews of the initial staff, are presented in document GCF/B.05/21.

Table 1: Indicative staffing allocation and key responsibilities

| Function | Key responsibilities in 2014 and initial phase |
|---|--|
| Advisor to Executive Director (one expert) | <ul style="list-style-type: none"> - Perform necessary functions relating to the coordination of the front office of the Executive Director; - Assist the Executive Director with necessary follow-up across the Secretariat to ensure timely progress on various initiatives. |
| Country Programming Director, Deputy Executive Director | <ul style="list-style-type: none"> - Manage and oversee the work programme of the Country Programming division; - Act as officer-in-charge for the Secretariat when the Executive Director is away. |
| Accreditation, including environmental and social safeguards, and fiduciary standards (Procurement and financial management) (six specialists) | <ul style="list-style-type: none"> - Coordinate the accreditation process; - Assist countries in selecting and nominating implementing entities; - Assist intermediaries and implementing entities with readiness and preparatory support; - Liaise with regional and international institutions interested in being accredited as intermediaries, funding entities and/or implementing entities, and provide assistance as needed. |
| Country operational dialogue (three specialists) | <ul style="list-style-type: none"> - Lead and coordinate the operational dialogue with developing countries, including through the selection and strengthening of NDAs or focal points; - Assess and support readiness of countries in terms of policy and institutional enabling regulatory framework, including NAMAs, NAPAs, NAPs among others; - Facilitate the work of Mitigation and Adaptation Windows and PSF divisions to support implementing entities and countries to build potentially eligible pipeline of projects and programmes. |
| Monitoring and evaluation (one specialist) | <ul style="list-style-type: none"> - Operationalize the result management framework into toolkits, logical frameworks, and templates; - Set up basis for data collection, tracking of performance at the level of the projects and programmes, countries, implementing entities, and the Fund; - Conduct impact assessment. |
| Mitigation/Adaptation Director | Manage and oversee the work programme of the Mitigation and Adaptation Windows division |
| Mitigation and Adaptation team (four specialists) | <ul style="list-style-type: none"> - Provide countries with thematic readiness support, working with the Country Programming division; - Identify through operational dialogue possible pipeline of programmatic approaches and sector interventions; - Operationalize the type of interventions to make progress towards the Fund's result areas; - Implement thematic allocation, assess the performance of the portfolio; - Knowledge management relating to operational learning in mitigation and adaptation; - Prepare operational documents such as templates, toolkits, and guidelines needed for proposal review cycle. |

| | |
|--|---|
| PSF Director | Manage and oversee the work programme of the PSF division |
| PSF team (four experts) | <ul style="list-style-type: none"> - Formulate proposals for the PSF-related aspects of the investment strategy and risk management strategy; - Develop modalities and procedures for PSF operations, including operational documents needed such as templates, toolkits and guidelines for proposal review; - Work with the Country Programming Division on readiness support to potential intermediaries and to NDAs or focal points for PSF portfolio; - Reach out to potential private sector entities; - Work on innovative financial instruments (e.g. guarantees, insurance, equity). |
| External Affairs Director | Manage and oversee the work programme of the External Affairs division |
| Resource mobilization (two specialists) | <ul style="list-style-type: none"> - Organize technical-level dialogue with potential contributors; - Coordinate technical analyses, documents and presentations, as required by potential contributors; - Provide input as needed, to other divisions for scenarios regarding the potential level of financial inputs and country allocations; - Explore possible private contributors and alternative sources; - Provide logistic organization of resource mobilization multilateral meetings including formal pledging meetings. |
| Communication and outreach (two specialists) | <ul style="list-style-type: none"> - Implement communication strategy; - Implement information disclosure policy; - Realize media engagement opportunities and media monitoring and response; - Provide communication and media support to core activities of the Fund, including through the website; - Organize workshops for awareness raising. |
| Board logistics and liaison (two specialists) | <ul style="list-style-type: none"> - Prepare Board meeting communications; - Ensure Board, committee, panel, group and workshop meeting logistics; - Liaise with meeting hosts/Governments. |
| Operational Support Services Director | Manage and oversee the work of the Operational Support Services division |
| Legal (two specialists) | <ul style="list-style-type: none"> - Provide a comprehensive range of legal services to the Board and the Secretariat on the interpretation of treaties and legal instruments; - Advice on agreements and cooperative arrangements - Establish the administrative and operational legal framework; - Conduct operational legal due diligence. |
| HR (two specialists) | <ul style="list-style-type: none"> - Oversee orderly move to the headquarters; - Coordinate the recruitment actions; - Oversee the implementation of HR strategies, policies, procedures and systems, including the provision of staff services, entitlements and payments. |
| Finance/risk management (two specialists) | <ul style="list-style-type: none"> - Record and report financial statements; - Coordinate corporate procurement activities; - Coordinate the preparation of the risk management strategy of the Fund, and later on its implementation. |
| ICT (two specialists) | <ul style="list-style-type: none"> - Oversee the performance by service providers to ensure high quality ICT systems in place in the Headquarters; - Implement ERP system, content management system, documents management system, no-objection procedure, online accreditation system, online results management framework. |

Annex XV: Logistic implementation and timeline

I. Recruitment approach

1. As a modern and international organization, the Fund and its Secretariat are based on the principle of diversity to foster a multi-cultural environment. By paragraph 21 of the Governing Instrument the Executive Director has been mandated to manage the staff selection, which will be open, transparent, based on merit, and take into account geographic and gender balance.
2. The following three-stage recruitment approach is recommended:
3. **Stage 1:** In order to establish a functional/operational and managerial basis with which the Secretariat will be able to operate, the recruitment of 13 posts will be initiated mid - October 2013 and it is foreseen to fill these posts by the end of February 2014, to include:
 - (a) Five Directors, in charge of the divisions and members of the management team;
 - (b) Three specialist staff in the areas of resource mobilization, readiness and preparatory support, and PSF operationalization;
 - (c) Five specialist staff in the support services areas, to build the basic administrative infrastructure.
4. **Stage 2:** The next stage, the recruitment of 15 specialist posts, will be initiated in November 2013 and it is foreseen to fill these posts by the end of April 2014, to sufficiently staff the four substantive divisions:
 - (a) Country Programming, to include: country dialogue and relationship management, monitoring and evaluation; and
 - (b) External Affairs, to include: outreach/liaison and resource mobilization;
 - (c) PSF specialists; and
 - (d) Mitigation and Adaptation, to include the operationalization of results management.
5. **Stage 3:** The recruitment of the remaining ten posts will be initiated at the beginning of December 2013 and it is expected to fill these posts by the end of June 2014. They will cover the remaining specialist roles in all divisions, which are important for developing and maintaining an early pipeline of potential programmes and projects.
6. The recruitment of the ten support staff will take place, as and when needed, within the above-mentioned timeline.
7. The first round of recruitment will take place during the transition to the Fund's Headquarters, during which period the Secretariat will require external expertise and support to facilitate and expedite the recruitment processes, to ensure timely implementation of the above-mentioned timeline. By the time of the last round of recruitment, the Secretariat will aim to perform many of the tasks relating to the recruitment process internally, such as on-boarding.

II. Administrative actions

8. This Section should be read in conjunction with document GCF/B.05/11 which provides a list of administrative actions that are planned to be undertaken during the last quarter of 2013 and in early 2014.

9. The Secretariat intends to recruit staff who meet the highest standards of qualification and excellence of performance. In order to be able to attract such highly-qualified staff, it is essential that the Secretariat can offer candidates competitive terms and conditions of employment.
10. As determined by the Board, staff salaries and emoluments will be based on those of the ADB, including an appropriate cost-of-living differential which is regularly paid by the ADB to staff assigned to locations with higher cost of living than Manila, as is the case for the Republic of Korea. Benefits will generally follow, with some necessary adjustments by the Executive Director, those of the ADB. For certain matters (in particular, the staff retirement plan and the health insurance plan) temporary arrangements may have to be put in place, until such time that the Fund puts in place its own insurance and pension plans.
11. It is anticipated that the Secretariat will offer candidates fixed-term three-year appointment to the candidates. An appointment of a shorter duration would most likely be considered unattractive by the candidates; also, appointments of a shorter duration are not cost-effective use of budgetary resources. Thus, the Secretariat seeks Board approval of the projected staff-related budget for a period that covers the three-year contract period. Contributors are requested to submit, whenever feasible, instruments of contribution to cover staff salaries and emoluments during the entire three-year period, subject to payments being made annually by way of cash or promissory notes. In the absence of such commitments, the Secretariat will have no choice but to include appropriate provisions into contracts of employment providing that confirmation of appointment after one year of service will be subject not only to satisfactory performance but also to availability of resources.
12. The core compensation and benefits will be defined by mid-October 2013, and the core HR rules and policies will be finalized by mid-November 2013. In order to create an innovative, flexible and results-orientated organization, an HR strategy and programmes are being developed. This includes a talent and learning management strategy, developing the specific competencies, options for career development, and a performance management system.

III. Transitional arrangements

13. In order to enhance the institutional capacity of the Secretariat, it is crucial to build up a critical mass of highly-qualified experts who can lead the operationalization of the Fund to allow it to assume its operations as quickly as possible. To this end, immediate financial support for the Fund has been requested, as presented in document GCF/B.05/21, to allow the Executive Director to proceed with the planned recruitment of core staff.
14. To ensure continuity until the assumption of duty by the management and staff, the Executive Director may need to recruit temporary staff or secondees. Furthermore, the Secretariat will balance initial staffing constraints through the contracting of individual consultants and firms.
15. All contracting and recruitment by the Secretariat will be based on competitive processes and in accordance with the administrative rules and regulations of the Fund.

Annex XVI: Terms of reference of the Risk Management Committee

I. Role and functions

1. The role of the Risk Management Committee is to ensure the development of an appropriate risk management framework for the Fund, enabling the Fund to exert due diligence and manage its risks prudently.
2. In fulfilling this role, the Risk Management Committee will:
 - (a) Oversee the development and implementation by the Secretariat of a financial risk management framework, consistent with decision B.05/17. In a second stage, oversee the development and implementation of a risk management framework that covers other types of risks to the Fund. These will enable the Fund, including its Private Sector Facility (PSF), to systematically identify risks, contextualize them and manage them appropriately;
 - (b) Oversee and review a register of strategic risks across the Fund;
 - (c) Monitor the management by the Secretariat of the Fund's overall risk profile, including the PSF, to confirm that the Fund is operating within Board-approved risk limits;
 - (d) Review and provide recommendations on periodic risk management reports and/or notification of material breaches of risk limits or procedures, as provided by the Secretariat;
 - (e) Review and provide recommendations on independent evaluations of the implementation of sound risk management practices by the Fund;
 - (f) Support the Executive Director in ensuring the continuous development of a risk- and compliance-aware culture in the Fund; and
 - (g) Consider any other risk-related matters the Board deems appropriate.
3. The Risk Management Committee will consider recommendations and advice provided to it by the Private Sector Advisory Group and the Investment Committee.

II. Membership

4. The Risk Management Committee will comprise:
 - (a) Three developing country Board members or alternate members; and
 - (b) Three developed country Board members or alternate members.
5. The Executive Director may attend the meetings of the Risk Management Committee in an advisory capacity.
6. Members of the Risk Management Committee will serve for an initial term of 18 months.

III. Duration

7. The Risk Management Committee will be a standing committee of the Board.
8. Three years following its establishment, the Board will evaluate the usefulness and continued necessity of the Committee.

IV. Guidelines for operation

9. Provisions will be put into place to manage actual and potential conflicts of interest.

Annex XVII: Terms of reference of the Investment Committee

I. Role and functions

1. The role of the Investment Committee is to develop and review investment strategies and instruments and recommend their approval to the Board, in particular relating to the Private Sector Facility (PSF) and in accordance with the Fund's objectives and result areas, social and environmental safeguards and risk management framework.
2. In fulfilling this role, the Investment Committee will:
 - (a) Oversee the development by the Secretariat of the Fund's investment framework, consistent with decision B.05/17, for consideration by the Board;
 - (b) Review and make recommendations to the Board on implementing the investment strategy and financial instruments, including with regard to their economic viability and alignment and compliance with the Fund's objectives, social and environmental safeguards and risk management framework;
 - (c) Oversee and review periodic assessments by the Secretariat of the Fund's portfolios to ensure consistency with the Fund's investment strategy;
 - (d) Review and recommend for Board consideration proposed amendments to the Fund's investment-related policies and the use of various financial instruments; and
 - (e) Consider any other investment-related matters that the Board deems appropriate.
3. The Investment Committee will consider recommendations and advice provided to it by the Private Sector Advisory Group.

II. Membership

4. The Investment Committee will comprise:
 - (a) Three developing country Board members or alternate members; and
 - (b) Three developed country Board members or alternate members.
5. The Executive Director may attend the meetings of the Investment Committee in an advisory capacity.
6. Members of the Investment Committee will serve for an initial term of 18 months.

III. Duration

7. The Investment Committee will be a standing committee of the Board.
8. Three years following its establishment, the Board will evaluate the usefulness and continued necessity of the Committee.

IV. Guidelines for operation

9. Provisions will be put into place to manage actual and potential conflicts of interest.

Annex XVIII: Terms of reference of the Ethics and Audit Committee

I. Role and functions

1. The role of the Ethics and Audit Committee is to consider and provide guidance on issues of conflict of interest, confidentiality, ethics, financial management, procurement and other audit functions as they relate to the Board of the Fund.
2. The Executive Director will put in place structures that consider and provide guidance on issues of conflict of interest, confidentiality, ethics, financial management, procurement and other audit functions as they relate to the Secretariat.
3. In fulfilling this role, the Ethics and Audit Committee will:
 - (a) Oversee the development of a draft Board policy on transparency, ethics and conflict of interest, including the issue of confidentiality, for consideration by the Board in 2014;
 - (b) Oversee the implementation of, and compliance with, the Board policy on ethics and conflict of interest, including by providing recommendations on any breaches of the policy;
 - (c) Provide guidance on the development and review implementation of, and compliance with, the Fund's comprehensive information disclosure policy;
 - (d) Provide recommendations for the establishment of the Fund's Independent Integrity Unit and independent redress mechanism;
 - (e) Provide advice to the Board on policy and strategy matters relating to financial reporting and audit requirements for the Fund;
 - (f) Review and make recommendations to the Board on audits of the administrative budget, as necessary;
 - (g) Review and make recommendations to the Board on external audit reports; and
 - (h) Consider any other matters the Board deems appropriate.

II. Membership

4. The Ethics and Audit Committee will comprise:
 - (a) Three developing country Board members or alternate members; and
 - (b) Three developed country Board members or alternate members.

III. Duration

5. The Ethics and Audit Committee will be a standing committee of the Board.

IV. Guidelines for operation

6. Provisions will be put into place to manage actual and potential conflicts of interest.

Annex XIX: Terms of reference of the Private Sector Advisory Group

I. Role and functions

1. The role of the Private Sector Advisory Group is to make recommendations to the Board on the Fund-wide engagement with the private sector and modalities to that end.
2. In fulfilling this role, the Private Sector Advisory Group will:
 - (a) Make recommendations to the Board on how the Fund, including its Private Sector Facility (PSF), should engage the private sector in order to catalyse, mobilize and leverage flows of private climate finance in developing countries and make best use of the knowledge on best available technologies;
 - (b) Make recommendations to the Board on the design and application of the Fund's policies, procedures and financial instruments as they relate to engagement with the private sector;
 - (c) Make recommendations to the Board on engaging the private sector in climate-resilient development, particularly in Africa, and in adaptation activities at national, regional and international levels;
 - (d) Make recommendations to the Board on promoting the participation of private sector actors in low-emission and climate-resilient development in developing countries, in particular local actors, including small- and medium-sized enterprises and local financial intermediaries;
 - (e) Make recommendations to the Board on activities to enable private sector engagement in low-emission and climate-resilient development in small island developing States and least developed countries; and
 - (f) Respond to other matters on which its advice is sought by the Executive Director or the Board.
3. The Risk Management Committee and the Investment Committee will consider recommendations and advice provided to them by the Private Sector Advisory Group.

II. Membership and observers

4. The Private Sector Advisory Group will comprise:¹
 - (a) Two developing country Board members or alternate members;
 - (b) Two developed country Board members or alternate members;
 - (c) Up to four private sector representatives from developing countries;
 - (d) Up to four private sector representatives from developed countries; and
 - (e) Up to two civil society representatives from developed and developing countries.
5. The Executive Director may attend the meetings of the Private Sector Advisory Group.
6. The following criteria will apply to the selection and appointment of all members of the Private Sector Advisory Group:
 - (a) Expertise in climate finance and investment;
 - (b) Expertise in leveraging and/or mobilizing private finance in developing countries; or

¹ Decision B.04/08, paragraph (i).

-
- (c) Expertise in private sector activities and technologies relating to low-emission and climate-resilient development.
7. In addition, the private sector representatives on the Private Sector Advisory Group will each be experts in their fields and:
- (a) Have a proven track record of direct or indirect engagement in private sector investment, such as in project finance, private sector project development, private equity, energy trade, carbon finance, institutional investment, asset management, or private investment in emerging markets;
 - (b) Include eminent experts on different approaches to maximizing the amount and effectiveness of private and innovative sources of climate finance; and
 - (c) Include at least one representative with expertise in corporate governance and risk management structures.
8. In addition, the civil society representatives will:
- (a) Have experience within an environmentally-focused civil society organization or organizations that have a regional or global scope of operations; and
 - (b) Have experience in building partnerships between civil society actors and the private sector, governments and/or research experts, to increase the effectiveness of climate finance.
9. Members of the Private Sector Advisory Group will serve for an initial term of 18 months.
10. Private Sector Advisory Group members that are private sector representatives and civil society representatives will serve in their personal capacity.
11. In recognition of the criteria applicable to the members of the Private Sector Advisory Group, panel members may not delegate their responsibilities under the group to other individuals.
12. The two private sector and two civil society active observers on the Board of the Fund may, in an observer capacity only, attend Private Sector Advisory Group meetings and be provided with any meeting documentation considered by the Group.

III. Duration

13. The Private Sector Advisory Group will exist for an initial duration of three years, after which the Board will evaluate the usefulness and continued necessity of the Group, including amending its membership and these Terms of reference, as considered necessary.

IV. Guidelines for operation

14. Provisions will be put into place to manage actual and potential conflicts of interest.

Annex XX: Interim Information Disclosure Practice

I. Introduction

1. The purpose of this document is to establish interim practice to govern disclosure of information associated with the Fund's operations until a comprehensive information disclosure policy is approved by the Board, taking into account disclosure policies of other relevant international organizations. It sets out the Fund's disclosure guiding principles, provides details on the main categories of information that the Fund and its related organs will publicly disclose, outlines initial criteria for confidentiality, and defines the main means of accessing information and timing of disclosure.

2. The Governing Instrument provides that the Fund will operate in a transparent and accountable manner guided by the principles of efficiency and effectiveness. The Rules of Procedure of the Board also promote transparency, providing that all the Board members, alternate members and active observers are required to adhere to the Fund's policies and standards of ethics.

3. These principles are fully reflected in the information disclosure guiding principles presented below.

II. Guiding principles

4. The Fund will ensure the greatest degree of transparency in all its activities through effective dissemination of information to stakeholders and the public at large, and public participation in the Fund's operations. The Fund will apply a presumption in favour of disclosure for all information and documents relating to the Fund and its funded activities. All documents in the Fund's possession subject to disclosure as per the Interim Information Disclosure Practice, will be released on the Fund's website or through other appropriate means, or be provided on request, to provide the public with a clear picture of the Fund's work and the way it administers financial inputs received from public and private sources.

5. Categories of information not to be disclosed are in line with standard practices of most international organizations. Confidential information would include personal information, such as personal communications of Board members and alternate members, advisers, staff, consultant and business partners; information relating to safety and security that, if disclosed, would endanger the life, health, or safety of any individual, or the environment; privileged and investigative information, including legal opinions; third-party information given to the Fund in confidence and accepted as such, including private sector entities' proprietary information; deliberative information, including draft documents (work in progress) unless such disclosure is needed to facilitate public consultations; and certain financial information that, if disclosed, would prejudice the financial or commercial interests of the Fund and its activities. A comprehensive negative list, including categories of information not to be disclosed, will be formulated as part of the Fund's comprehensive information disclosure policy to be developed in 2014.

6. As a general rule, any policy or strategy which will be developed by the Fund will, to the extent not covered in this document, articulate the disclosure requirements for information and documents required to be produced under that policy or strategy. These disclosure requirements must be consistent with the guiding principles defined above.

III. Disclosure categories and timing

7. As a matter of principle, the Fund will share most of the information in its possession with stakeholders and the public at large, either pro-actively or on request, subject to specified exemptions to presumed disclosure. The timing of disclosure of the different types of information will vary, based on the nature of information. The main categories of information that will be made publicly available include, but are not limited to:

3.1 Fund information

8. **Organizational and institutional information.** Available on the Fund's website. It includes basic documents such as the Governing Instrument and the Rules of Procedure of the Board, the list of Board members and alternate members, the terms of reference of committees, subcommittees, technical and expert panels, and any other Fund's organs, the annual administrative budget of the Fund, relevant administrative policies, the organizational structure of the Fund, and the work plan of the Board.

3.2 Information regarding the Board, Board committees, subcommittees and panels

9. **Board meeting documents**¹ As provided in the Rules of Procedure of the Board, all Board meeting documents for non-executive sessions will be posted on the Fund's website on the same day they are released to Board members, except for Board documents classified as confidential, or as the Board may provide. Simultaneous disclosure of Board documents to the Board and to the public is one of the instruments that give effect to the provisions of the Governing Instrument to promote the input and participation of key stakeholders in the design, development and implementation of the strategies and activities to be financed by the Fund. It is expected that early disclosure of Board meeting documents will help ensure adequate stakeholder input into the Board decision-making process.

10. **Draft documents** with limited distribution to Board members are generally not disclosed except if the Board decides otherwise if special circumstances so warrant (e.g. to facilitate public consultations on a Fund's policy).

11. **Information documents.** Documents prepared for information of the Board under the agenda items for which a Board decision is not anticipated will be disclosed on the Fund's website upon circulation to the Board.

12. **Board proceedings.** The provisional agenda of Board meetings will be posted on the Fund's website at least 30 calendar days before the first day of the meeting. Reports of Board meetings will also be shared with the public on the Fund's website. Guidelines for the participation of observers and advisers in Board proceedings will also be posted on the Fund's website. In order to ensure interested stakeholders' direct access to Board proceedings, the Fund will make **video recordings of Board meetings** available on its website, through registration only, within three weeks of each Board meeting. This provision applies to proceedings of formal non-executive sessions and therefore does not cover extraordinary Board meetings and closed executive sessions, nor committee or subcommittee meetings. Records of Board proceedings other than those referred to above may be publicly disclosed following a Board decision in accordance with applicable policies and relevant rules and procedures.

¹ Disclosure provisions described in this paragraph do not apply to Board committee and subcommittee meeting documents.

13. **Documents submitted to the Board by Board committees and subcommittees.** Final reports of Board committees and subcommittees will be disclosed on the Fund's website, unless they contain confidential information which, if disclosed, may cause prejudice to the Fund or related parties.
14. The same will apply to final **documents submitted to the Board by technical and expert panels.**
15. **Policies, strategies, sector and thematic reports and results management framework.** Documents proposing the adoption of Fund's policies and strategies and sector and thematic reports and documents regarding the Fund results management framework submitted to the Board for approval will be disclosed on the Fund's website on the same day they are released to the Board, provided they do not contain confidential information.
16. **Annual reports.** The annual reports to the Conference of the Parties on Board activities and the Fund's annual report, including the audited financial statements, will be published on the Fund's website at the time they are approved by the Board.
17. **Replenishment.** Information and documents regarding the initial resource mobilization for the Fund and the Fund replenishments will be disclosed on the Fund's website, including the timing of the replenishment, discussion documents for contributors meetings and the final contributors report. Documents containing financial information will be made public to the extent they do not contain confidential information that, if disclosed, would be prejudicial to the interests of the Funds or related parties.

3.3 Interim Secretariat and Secretariat information

18. Information relating to the **organizational structure of the Fund and its Secretariat** will be made available on the Fund's website, such as arrangements for the Interim Secretariat, staffing, administrative budget and work programme of the Interim Secretariat, reports on its activities and activities on the establishment of the independent Secretariat.
19. **Rules, guidelines and implementation arrangements** prepared by the Secretariat for implementing Board policies will be disclosed on the Fund's website after their approval and issuance to concerned parties by the Fund's relevant authority.

3.4 Independent Evaluation Unit, Independent Integrity Unit and independent redress mechanism information

20. An **Independent Evaluation Unit** will assess the results of the Fund, including its funded activities and its effectiveness and efficiency. The results of the periodic evaluations, including lessons learned, will be shared on the Fund's website or relevant separate website, as may be the case.
21. An **Independent Integrity Unit** will investigate allegations of fraud and corruption in coordination with relevant counterpart authorities. The Fund will post on its website annual reports of the Independent Integrity Unit upon their completion, including summary information on investigations and significant recommendations and issues arising from investigations. The Fund may also share the results of investigations with relevant counterpart authorities.
22. An **independent redress mechanism** will receive complaints relating to the operations of the Fund and will evaluate and make recommendations. The Board will define disclosure provisions regarding the independent redress mechanism when developing the related Fund's policy.

3.5 Interim Trustee information

23. All reports provided to the Secretariat by the Interim Trustee in the service of the Board will be publicly disclosed through the Fund's website, unless they contain confidential information.

3.6 Information relating to accredited implementing entities

3.6.1 Accreditation

24. The accreditation procedures and criteria, including best-practice fiduciary principles and standards and environmental and social safeguards of the Fund, are designed to ensure that all accredited implementing entities provide adequate and transparent access to information on activities funded by the Fund. In particular, the Fund will ensure that implementing entities apply fiduciary standards consistent with international best practices, including regarding financial disclosure, transparency and follow the information disclosure guiding principles of the Fund.

25. When providing information to the Fund, implementing entities will be responsible for clearly identifying any document or part thereof or any other type of information which they deem to be confidential. The Fund will not disclose information which it has accepted from the implementing entities on a confidential basis, especially the information made available to the Fund as part of the accreditation process.

26. The Secretariat will make publicly available the final reports, conclusions and recommendations of expert panels and other bodies engaged on accreditation activities. Names, country and contact details of potential implementing entities applying for accreditation will remain confidential until a final recommendation to the Board as to the accreditation of the applicant entity has been made and such recommendation has been approved by the Board.

27. The Secretariat will publish on the Fund's website information on the list of all accredited implementing entities, including contact details.

3.6.2 Funding activities

28. The Fund will also disclose on its website comprehensive information and documents relating to all its funding activities and financed projects, and project-related information and documents prepared by the implementing entities throughout the project cycle, as long as these do not contain information marked as confidential.

29. Information relating to the preparation of funding proposals, implementation, monitoring and evaluation, and information on stakeholder consultations, will be disclosed on implementing entities' own websites and by any other appropriate means according to their respective applicable information disclosure policy, in a manner consistent with the Fund's fiduciary principles and standards, and environmental and social safeguards.

3.7 Private Sector Facility and private sector entities information

30. Exceptions to the general principle of presumed disclosure may be invoked where there is a need to protect the legitimate interests of the entities that deal with the Fund's Private Sector Facility, to avoid harm to the business and competitive interests of such entities.

31. While the Fund will disclose all relevant information and documents regarding its Private Sector Facility and related activities, it will ensure that business confidentiality is maintained and will not disclose to the public any proprietary, legally privileged or

commercially sensitive information produced or received by the Fund in dealing with private sector entities.

3.8 Information to and from other stakeholders

32. The Fund will disclose a wide range of information and documents to the general public and key stakeholders according to the guiding principles outlined in this document. The main means of disclosure are described in Chapter IV below. However, the Fund will keep confidential any information and documents received from external parties that are marked as confidential and accepted as such.

IV. Means of accessing information

33. The Fund's website will constitute the main vehicle for proactive disclosure of information to a large public. Other means of dissemination will be used by the Fund as may be required to reach its intended audiences. In addition, anyone may contact the Secretariat to request any document or information which is not accessible from the website.

34. **Fund's website.** A wide range of information and documents regarding the Fund and its funded activities, including information referred to in Chapter III above, can be accessed through the Fund's website at <gcfund.net>. Video recordings of Board meetings will be available on the Fund's website through registration within three weeks of each Board meeting. The Fund's website may also provide links to the websites of its accredited entities for stakeholders to be able to access comprehensive information about all Fund-financed projects during the project cycle.

35. **Requests for information.** The Secretariat will entertain external requests. Requests for information may be submitted via the online request form, or by mail or fax, as needed. Guidelines on processing external requests, including time limits for responding, will be developed at a later stage.

36. Requests for information will be submitted in English, which is the working language of the Fund. However, in some instances, the Fund may consider requests made in another official language of a developing country.

37. In responding to external queries, the Secretariat will either provide the requested information or document, referring the requester to the relevant link on the Fund's website whenever possible, or a legitimate reason why the information cannot be given, based on the exceptions to disclosure defined by the Fund.

38. If a requester believes that a request for information has been unreasonably denied, a complaint may be submitted to the Executive Director who will make appropriate arrangements for impartial review of the complaint.

39. **Other means of dissemination.** In addition, the Fund may disseminate relevant information to concerned stakeholders in draft form for consultation purposes, using appropriate channels.

Annex XXI: Draft arrangements between the Conference of the Parties to the United Nations Framework Convention on Climate Change and the Green Climate Fund

I. Preamble

Recalling Conference of the Parties (COP) decisions 1/CP.16, paragraph 102, and 3/CP.17, paragraphs 3–5, as well as the governing instrument for the Green Climate Fund (GCF), paragraphs 3–6.

Recognizing that the provisions contained in Article 11, paragraph 3, of the Convention, decision 3/CP.17 and the governing instrument for the GCF contained in the annex to 3/CP.17 form the basis for arrangements between the COP and the GCF.

The Conference of the Parties (hereinafter referred to as “the COP”) to the United Nations Framework Convention on Climate Change (hereinafter referred to as “the Convention”) and the Green Climate Fund (hereinafter referred to as the “GCF”) hereby reach the following arrangements:

II. Purpose of these arrangements

1. The purpose of these arrangements is to set out the working relationship between the COP and the GCF to ensure that the GCF is accountable to and functions under the guidance of the COP to support projects, programmes, policies and other activities in developing country Parties.

III. Determination and communication of guidance from the Conference of the Parties

2. The GCF shall receive guidance from the COP, including on matters related to policies, programme priorities and eligibility criteria.

3. The COP will, after each of its sessions, communicate guidance to the GCF.

4. The COP will provide guidance based, inter alia, upon a thorough consideration of the annual reports of the GCF.

IV. Conformity with guidance of the Conference of the Parties

5. The GCF will take appropriate actions in response to the guidance received and will report on such actions taken.

V. Reconsideration of funding decisions

6. These arrangements reaffirm that the Board of the GCF has full responsibility for funding decisions.

7. The Board of the GCF has been mandated by paragraph 69 of the governing instrument to establish an independent redress mechanism that will report to the Board.

8. The independent redress mechanism will be open, transparent and easily accessible and will address, inter alia, the reconsideration of funding decisions.

9. The GCF will include in its annual reports to the COP the recommendations of its independent redress mechanism, and any action taken by the Board of the GCF in response to those recommendations. The COP may provide additional guidance to clarify policies, programme priorities and eligibility criteria as they impact funding decisions.

10. Further modalities for the reconsideration of funding decisions as per Article 11, paragraph 3(b), will be developed appropriately once the independent redress mechanism is operational.

VI. Reports from the Green Climate Fund to the Conference of the Parties

11. The GCF is to submit annual reports to the COP for its consideration. Such annual reports shall include information on the implementation of policies, programme priorities and eligibility criteria provided by the COP, including information on the extent to which COP guidance has been adhered to by the Board of the GCF.

12. The GCF will include in its reports a synthesis of the different activities under implementation and a listing of the activities approved, as well as a financial report.

13. The GCF will also include in its reports information on all activities financed by the GCF.

14. The GCF will indicate in its reports actions it has undertaken to balance the allocation of resources between adaptation and mitigation activities under the Fund.

15. The GCF will also include information on the development and implementation of mechanisms to draw on appropriate expert and technical advice, including from the relevant thematic bodies established under the Convention, as appropriate.

16. The COP may request additional information from the GCF via its annual guidance.

VII. Determination and periodic review of funding necessary and available

17. In accordance with Article 11, paragraph 3(d), of the Convention, which calls for arrangements to determine in a predictable and identifiable manner the amount of funding necessary and available for the implementation of the Convention, and the conditions under which that amount shall be periodically reviewed:

(a) The COP will make assessments of the amount of funds that are necessary to assist developing countries in implementing the Convention, in order to help inform resource mobilization by the GCF; and

(b) The GCF is to provide information on resource mobilization and the available financial resources, including any replenishment processes, in its annual reports to the COP.

VIII. Cooperation between secretariats and representation in meetings of the governing bodies

18. The secretariat of the GCF and the secretariat of the Convention may, as necessary and subject to the direction of the Board of the GCF and the COP, respectively, cooperate and exchange views on matters relevant to the operation of the financial mechanism of the Convention, including implementation of these arrangements between the COP and the GCF, coordination with other international financing channels and participation of representatives at relevant meetings of the bodies.

19. The participation of representatives of the secretariat of the Convention in the meetings of the GCF, and of the secretariat of the GCF in the sessions of the COP, is to be governed by the rules of procedure of the GCF and the COP, respectively.

IX. Review and evaluation of the financial mechanism

20. The reports of the GCF should include any reports of the independent evaluation unit, including for the purposes of the periodic reviews of the financial mechanism of the Convention.

21. The COP may commission an independent assessment of the overall performance of the GCF, including of the performance of the Board of the GCF, to coincide with periodic reviews of the financial mechanism.

22. The COP will invite feedback from the GCF in advance of making any conclusions or findings from the review or evaluation of the financial mechanism.

X. Review of these arrangements

23. These arrangements can only be modified in writing by agreement between the COP and the GCF.

24. These arrangements shall come into force upon agreement by the GCF and subsequent agreement by the COP.

25. These arrangements may only be terminated in writing by agreement between the COP and the GCF.

Annex XXII: Resource mobilization

The Board confirmed that the following requirements are essential for the Fund to receive, manage, programme and disburse financial resources and would like these requirements to be met as soon as possible:

1. An initial Fund structure and Secretariat structure, including administrative policies, best-practice fiduciary principles and standards and environmental and social safeguards;
2. The Fund's financial risk management and investment frameworks;
3. Initial results areas, initial core performance indicators and an initial results management framework of the Fund;
4. Procedures for accrediting national, regional and international implementing entities and intermediaries;
5. Policies and procedures for the initial allocation of Fund resources, including results-based approaches;
6. Initial proposal approval process, including criteria for programme and project funding;
7. Initial modalities for the operation of the Fund's mitigation and adaptation windows and the Private Sector Facility;
8. The terms of reference of the Fund's Independent Evaluation Unit, the Independent Integrity Unit and the independent redress mechanism.

Annex XXIII: Administrative budget of the Fund for the period 1 January to 31 December 2014 (in US\$)

Table 1: Board: Administrative budget for the period 1 January to 31 December 2014 (in US\$)

| | Budget 1 January to 31 December 2014 |
|--|---|
| 1.1 Board meetings | |
| <i>Number of meetings</i> | 3 |
| 1.1.1 Board representatives travel | 792,000 ^a |
| 1.1.2 Secretariat staff travel | 90,000 ^b |
| 1.1.3 Venue and logistics | 170,000 ^c |
| <i>Sub-total: Board meetings</i> | 1,052,000 |
| 1.2 Co-Chair and Board representative travel | |
| 1.2.1 Co-Chair and Board representative travel | 22,500 ^d |
| <i>Sub-total: Co-Chair and Board representative travel</i> | 22,500 |
| 1.3 Board committees, panels and working groups | |
| <i>Number of meetings</i> | 4 |
| 1.3.1 Board representatives travel | 90,000 ^e |
| 1.3.2 Venue and logistics | 80,000 ^f |
| <i>Sub-total: Board committees, panels and working groups</i> | 170,000 |
| Grand total: Board | 1,244,500 |

^a Twelve members, and twelve alternate members, at an average cost of US\$ 7,500 each per meeting; 24 advisers at an average cost of US\$ 3,500 each per meeting.

^b Assuming twelve Secretariat staff at an average cost of US\$ 7,500 per meeting of the Board held away from the Fund's headquarters.

^c Assuming an average cost of US\$ 150,000 per meeting for meetings held away from the Fund's headquarters and two meetings of the Board held at the Fund's headquarters at an average cost of US\$ 10,000.

^d Assumes three Co-Chair and Board representatives at an average cost of US\$ 7,500 each.

^e Assumes three funded participants for one committee, panel and working group meeting at an average of every three months, at an average cost of US\$ 7,500 each.

^f Assuming one committee, panel and working group meeting at an average of every three months, at an average cost of US\$ 20,000 per meeting.

**Table 2: Secretariat: Administrative budget for the period 1 January to 31 December 2014
(in US\$)**

| | Budget |
|--|----------------------------------|
| | 1 January to 31 December 2014 |
| 2.1 Salaries, wages and consultancies | |
| 2.1.1 Full-time staff | 8,744,960 ^a |
| 2.1.2 Temporary staff support | 556,706 ^b |
| 2.1.3 Consultancies | 1,575,000 ^c |
| 2.1.4 Travel of interview candidates and expert interview appraisers | 217,500 ^d |
| 2.1.5 Relocation benefits and allowances | 712,500 ^e |
| | 11,806,666 |
| <i>Sub-total: Salaries, wages and consultancies</i> | |
| 2.2 Travel | |
| 2.2.1 Staff travel | 450,000 ^f |
| | 450,000 |
| <i>Sub-total: Travel</i> | |
| 2.3 Contractual services, general operating and information technology | |
| 2.3.1 Office utility costs | 144,000 ^g |
| 2.3.2 Contractual services | 2,000,000 ^h |
| 2.3.3 External administrative service support | 1,630,000 ⁱ |
| 2.3.4 Communication and printing | 250,000 ^j |
| 2.3.5 Information and communication technology | 850,000 ^k |
| | 4,874,000 |
| <i>Sub-total: Contractual services, general operating, information technology</i> | |
| Grand total: Secretariat | 17,130,666 |

^a In response to decision B.04/03, paragraph (a) (ii), the Asian Development Bank's (ADB) salaries and benefits were applied as benchmarks. The initial core management and staff would include up to: five Directors (IS7-9); 31 mid-to senior-level specialist posts (IS4-IS6); two entry level posts (IS1-IS3); 10 support staff; and the Executive Director.

^b Temporary staff support, on average three months.

^c It is anticipated that 350 weeks of consultants' time will be required to provide specialist advice on areas such as readiness and preparatory support, access modalities and accreditation, initial resource mobilization, outreach activities, Private Sector Facility support, general logistic support, information technology expertise, etc. Furthermore, the cost of expert interview appraisers will be covered through this proposed budget.

^d In order to facilitate recruitment of the initial staff of the Secretariat in 2014, in-person interviews will be held at the Fund's headquarters in Songdo, Republic of Korea, for three candidates for each of ten posts, at an average cost of US\$ 3,750 each. Two expert interview appraisers will take part in the interview panels, accounting for seven trips at an average cost of US\$ 7,500 each. The interviews for all remaining posts will be facilitated via video or teleconference to minimize travel costs.

^e Assumes one-way travel of 38 appointed specialist staff to their duty station, at an average cost of US\$ 3,750 each, assumes 38 one-time relocation grants at an average cost of US\$ 15,000 each.

^f This assumes approximately five staff travelling per month at an average cost of US\$ 7,500 each.

^g Office utility cost for the Fund's headquarters of US\$ 3,000 per month, per floor, initially occupying four floors in 2014.

^h Contractual services to include contracting of consultancy firms to supplement the substantive work programme of the Secretariat in 2014, including recruitment, readiness, accreditation, etc.

ⁱ External administrative support services, to include payroll, accounting, travel agent, etc.

^j Communication costs include the general update and maintenance of the Fund's website, as well as publications and outreach material.

^k Information and communication technology (ICT) costs include ICT-related investments, such as implementing ICT infrastructures, purchase of licenses, IT maintenance costs, etc.

**Table 3: Interim Trustee: Administrative budget for the period 1 January to 31 December 2014
(in US\$)**

| | Budget 1 January to 31 December 2014 |
|---|---|
| 3.1 Financial and programme management | |
| 3.1.1 Staff costs and expenses | 230,400 ^a |
| 3.1.2 Travel | 30,000 ^b |
| <i>Sub-total: Financial and programme management</i> | 260,400 |
| 3.2 Investment management | 35,000^c |
| 3.3 Accounting and reporting | |
| 3.3.1 Staff costs and expenses | 31,300 ^d |
| <i>Sub-total: Accounting and reporting</i> | 31,300 |
| 3.4 Legal services | |
| 3.4.1 Staff costs and expenses | 85,700 ^e |
| 3.4.2 Travel | 30,000 ^f |
| <i>Sub-total: Legal services</i> | 115,700 |
| 3.5 Information technology systems^g | - |
| Grand total: Interim Trustee | 442,400 |

^a These items cover: establishment of processes and procedures relating to financial transactions; development and implementation of procedures for recording allocations and commitments; management of the contribution receipt process, including all banking, foreign exchange, payment requests and acknowledgements; executing cash transfers; and regular financial reporting.

^b Assumes travel of one Interim Trustee representative at an average cost of US\$ 7,500 per meeting of the Board and one mission at the request of the Fund on Fund related business.

^c Calculated at 3.5 basis points (0.035%) of the average annual undisbursed balance in the GCF Trust Fund, assumed at US\$ 100 million in calendar year 2014.

^d This item includes maintenance of appropriate records and accounts to identify contributions and other receipts and GCF Trust Fund liabilities.

^e These items include preparing contribution agreements/arrangements with contributors and other agreements and arrangements as required, including with the Fund and its Secretariat, and review of Fund documents as they impact the role of the Interim Trustee.

^f Assumes travel of one Interim Trustee lawyer at an average cost of US\$ 7,500 per meeting of the Board and one mission at the request of the Fund on Fund related business.

^g To be assessed after the business model framework has been finalized.

Note: Interim Trustee staff costs and expenses include all indirect costs and overhead expenses. Estimated amounts are rounded to nearest US\$ 100; totals may not add due to rounding.

**Table 4: Administrative budget of the Fund for the period 1 January to 31 December 2014
(in US\$)**

| | Budget 1 January to 31 December 2014 |
|---------------------------|--|
| 1. Board | 1,244,500 |
| 2. Secretariat | 17,130,666 |
| 3. Interim Trustee | 442,400 |
| Grand total | 18,817,566 |

MTO No. 069022

AGREEMENT

This AGREEMENT on the Terms and Conditions for the Administration of the Green Climate Fund Trust Fund (“Agreement”), dated [] 2013, is entered into between the GREEN CLIMATE FUND (“Fund”), acting through its Board (“Board”), and the INTERNATIONAL BANK FOR RECONSTRUCTION AND DEVELOPMENT (“Bank”), serving as the interim trustee (“Trustee”) of the Green Climate Fund Trust Fund (MTO No. 069022) (“Trust Fund”), established for the purpose of the Fund. The Fund and the Trustee shall be collectively referred to as the “Parties” and each a “Party”.

PREAMBLE:

WHEREAS the Fund has been established following the decision of the Conference of the Parties (“COP”) to the United Nations Framework Convention on Climate Change (“UNFCCC”) at its sixteenth session (decision 1/CP.16);

WHEREAS the COP in decision 1/CP.16 invited the Bank to serve as the interim trustee for the Fund, subject to a review three years after the operationalization of the Fund;

WHEREAS in serving as the interim trustee of the Fund, the Trustee has established the Trust Fund to receive contributions from contributors to the Trust Fund (“Contributors”) and has been administering the Trust Fund in accordance with the terms of the contribution agreements entered into with the Contributors (“Contribution Agreements”), which include the Standard Provisions Applicable to the Green Climate Fund Trust Fund (“Standard Provisions”), approved by the Board in its decision B.02-12/05 (a);

WHEREAS under the “Agreement between the Republic of Korea and the Green Climate Fund concerning the Headquarters of the Green Climate Fund”, entered into force on 27 August 2013, and the “Act for Supporting Operation of the Green Climate Fund” of 30 July 2013, the Fund possesses juridical personality and as such, has the ability to enter into agreements with States and international organizations; and

WHEREAS pursuant to paragraph 18 (o) of the Governing Instrument for the Green Climate Fund, as approved by the COP at its seventeenth session (decision 3/CP.17) (“Governing Instrument”), which stipulates that the Board will enter into legal and administrative arrangements with the trustee, the Parties desire to enter into this Agreement to establish the terms and conditions for the administration of the Trust Fund by the Trustee to replace the terms and conditions of the Standard Provisions.

NOW THEREFORE, the Parties hereto agree as follows:**1. Establishment of the Trust Fund**

1.1. The Trustee shall establish the Trust Fund to receive contributions (the aggregate of all contributions from the Contributors, the “Contributions”) from the Contributors and shall hold in trust, as legal owner, and administer the funds, assets and receipts that constitute the Trust Fund, to support the activities of the Fund in accordance with the terms of this Agreement. Without prejudice to the foregoing and except as otherwise provided herein, the Trustee shall administer the funds, assets and receipts that constitute the Trust Fund only for the purpose of, and in accordance with, the relevant decisions of the Board or other person(s) designated in writing by the Board for that purpose (“Authorized Designee”), when such decisions are

provided to the Trustee in writing. The Trustee shall be closely consulted in the development of decisions taken by the Board or the Authorized Designee which relate in any way to the functions of the Trustee performed or to be performed under this Agreement. In the absence of such consultation with and the agreement of the Trustee, the Trustee shall not be bound by any decision of the Board or the Authorized Designee, to the extent that such a decision relates to the functions of the Trustee performed or to be performed under this Agreement.

1.2. The Trustee shall not be responsible for inquiring or investigating whether any decisions of the Authorized Designee contravene any existing decisions of the Board, and shall have no liability for relying in good faith on any written decisions of the Board or the Authorized Designee, without further inquiry or investigation on its part or otherwise for any actions taken, or omitted to be taken, in good faith.

2. Administration of the Contributions

2.1. The Trustee shall be responsible only for performing those functions specifically set forth in this Agreement and shall not be subject to any other duties or responsibilities to the Contributors, including, without limitation, any duties or obligations that might otherwise apply to a fiduciary or trustee under general principles of trust or fiduciary law. Nothing in this Agreement shall be considered a waiver of any privileges or immunities of the Bank under its Articles of Agreement or any applicable law, all of which are expressly reserved.

2.2. The Fund agrees that the Trustee shall be fully indemnified, out of the assets of the Fund, including the Trust Fund resources, for any liabilities, claims, losses, costs and expenses, including attorneys' fees and expenses, incurred by the Trustee in connection with or in any way arising out of its activities as Trustee under this Agreement. Such indemnity shall not include any liabilities, claims, losses, costs or expenses incurred by the Trustee as a direct result of its own gross negligence or willful misconduct.

3. Contributions and Contribution Agreements

3.1. The Trustee may accept Contributions from Contributors who are countries that have ratified the UNFCCC ("Parties to the UNFCCC") in accordance with the provisions of this Agreement and the Contribution Agreements concluded as tripartite agreements between the Fund, the Trustee and the Contributors. The Trustee may accept, on terms agreed with the Trustee and approved by the Board or the Authorized Designee, Contributions from Contributors who are not Parties to the UNFCCC in accordance with the provisions of this Agreement and the Contribution Agreements.

3.2. The Fund and the Trustee shall enter into a Contribution Agreement with each Contributor. The Contribution Agreement shall provide, among all, that the Contribution from the Contributor shall be administered by the Trustee in accordance with the terms of this Agreement. Except for the Contribution Agreements which have been executed by the Trustee and the Contributors prior to the date of this Agreement, each Contribution Agreement shall substantially be in the form attached to this Agreement in Annex I, or such other form as is acceptable to the secretariat of the Fund ("Secretariat") and the Trustee. For the Contribution Agreements which have been executed by the Trustee and the Contributors prior to the date of this Agreement, the Trustee shall collaborate with the Fund and the Contributors to novate such Contribution Agreements to include the Fund as a party to the agreements and replace the Standard Provisions with the terms and conditions of this Agreement.

3.3. Contributions may be made in the form of grants, by means of payment in cash, or with the agreement of the Trustee, by the delivery of promissory notes payable on demand or similar obligations in a form acceptable to the Trustee. Contributions may be paid in one lump sum or

in installments on the terms agreed with the Trustee. The terms of payments under this paragraph shall be specified in the Contribution Agreement.

3.4. Notwithstanding the provisions of paragraphs 3.1 to 3.3 and subject to paragraph 1 above, the Board may decide to accept Contributions under other terms and arrangements.

4. Commingling, Exchange and Investment of the Contributions

4.1. The Contributions shall be accounted for as a single trust fund and shall be kept separate and apart from the funds of the Bank. For administrative and investment purposes, the Contributions may be commingled with other trust fund assets maintained by the Bank.

4.2. The Contributions may be freely exchanged by the Trustee into other currencies as may facilitate their disbursement.

4.3. The Trustee shall invest and reinvest the Contributions pending their disbursement in accordance with the Bank's policies and procedures for the investment of trust funds administered by the Bank. The Trustee shall credit all income from such investment to the Trust Fund to be used for the same purposes as the Contributions.

5. Use, Commitment and Transfer of Trust Fund Resources

5.1. The Trustee shall, subject to the availability of applicable resources held in the Trust Fund as determined by the Trustee and to the terms of this Agreement, commit, transfer, and/or, in the case of the administrative costs of the Trustee, use the Trust Fund resources, only at, and in accordance with, the decision of the Board or the Authorized Designee provided to the Trustee in writing.

5.2. The Trustee shall, subject to paragraph 5.1 above, commit and transfer Trust Fund resources in the amount approved by the Board or the Authorized Designee to: (a) the Secretariat; and/or (b) any entity accredited by the Board, following the fulfilment of accreditation process and criteria developed by the Board in accordance with paragraph 49 of the Governing Instrument and on terms agreed with the Trustee and approved by the Board or the Authorized Designee.

5.3. Commitment and transfer of Trust Fund resources to the Secretariat under paragraph 5.2(a) above, including the return of any cancelled or unused Trust Fund resources transferred, shall be made in the manner and procedures agreed between the Secretariat and the Trustee. Commitment and transfer of Trust Fund resources to any accredited entities under paragraph 5.2(b) above, including the return of any cancelled or unused Trust Fund resources transferred, shall be made in the manner and procedures agreed between the Secretariat and the Trustee.

5.4. Upon the transfer of Trust Fund resources to the Secretariat and/or any accredited entities under paragraph 5.2 above, the Trustee shall have no responsibility for the use by the Secretariat and/or such accredited entities of the Trust Fund resources so transferred to them, and the Secretariat and/or each such accredited entity shall be responsible for the use of the Trust Fund resources transferred by the Trustee and the activities carried out therewith in accordance with the applicable decisions of the Board or the Authorized Designee, including the purpose for which the resources have been approved. The Trustee shall not be involved in any action seeking to enforce the return of any misused Trust Fund resources from the Secretariat and/or any of the accredited entities in receipt of the Trust Fund resources transferred under this Agreement.

5.5. For the purpose of financing the administrative costs of the Trustee, the Trustee shall submit to the Board or the Authorized Designee a proposal for administrative budget to cover

the full costs of services to be provided by the Trustee in the upcoming budget period (and/or the services provided prior to the execution of this Agreement) in connection with the performance of its functions under this Agreement, which shall be paid from the Trust Fund resources. Upon approval by the Board or the Authorized Designee of such a proposal, the Trustee shall transfer the amount to its own account from the Trust Fund resources; provided that, the amount of the resources transferred shall be subject to an end of budget period adjustment on the basis of full cost recovery for the services provided during the budget period. To the extent actual costs incurred are lower than the transferred budget amount, funds are to be returned for deposit in the Trust Fund.

6. Accounting and Financial Reporting

6.1. The Trustee shall maintain separate records and ledger accounts in respect of the Contributions deposited in the Trust Fund account and disbursements made therefrom.

6.2. The Trustee shall furnish to the Board quarterly (or at any other frequency agreed between the Board and the Trustee) financial reports of the Trust Fund.

6.3. Unless otherwise agreed by the Board and the Trustee, the Trustee shall provide to the Board, within six (6) months following the end of each Bank fiscal year, an annual single audit report, comprising (a) a management assertion together with an attestation from the Bank's external auditors concerning the adequacy of internal control over cash-based financial reporting for all cash-based trust funds as a whole; and (b) a combined financial statement for all cash-based trust funds together with the Bank's external auditor's opinion thereon. The cost of the single audit shall be borne by the Bank.

6.4. The Board or a Contributor may request, on an exceptional basis, a financial statement audit by the Bank's external auditors of the Trust Fund, and the costs of any such audit, including the internal costs of the Bank with respect to the audit, shall be paid by the Trust Fund if the audit was requested by the Board or paid by the requesting Contributor if the audit was requested by the Contributor.

7. Authorization and Enforceability

7.1. Each Party hereby represents and warrants that:

(a) It has all requisite corporate power and authority to enter into this Agreement and to carry out the transactions contemplated by this Agreement;

(b) Its execution, delivery and performance of this Agreement and its consummation of the transactions contemplated by this Agreement have been duly authorized by all requisite corporate action; and

(c) This Agreement has been duly executed and delivered by the Party and is a valid and binding obligation of the Party, enforceable against it in accordance with its terms.

8. Amendment, Effectiveness and Termination

8.1. This Agreement shall become effective upon the signatures of both Parties.

8.2. This Agreement may be amended only with the agreement of the Board and the Trustee.

8.3. The Board may terminate the Bank's role as the interim trustee of the Trust Fund at any

time upon three (3) months' prior written notice to the Bank.

8.4. It is envisaged that the Bank will serve as the interim trustee of the Trust Fund, subject to a review by the Board three (3) years after the operationalization of the Fund. Unless otherwise agreed between the Board and the Bank, the Bank's role as the interim trustee of the Trust Fund shall terminate on 30 April 2015, except as set forth in paragraph 8.5 below.

8.5. Notwithstanding paragraph 8.4 above, the Bank may terminate its role as the interim trustee of the Trust Fund at any time upon six (6) months' prior written notice to the Board.

8.6. Following termination of the Bank's role as the interim trustee of the Trust Fund pursuant to paragraph 8.3, 8.4 or 8.5 above, the Bank shall carry on no business for the Trust Fund except to the extent needed to avoid discontinuity in trustee services. The Bank shall, in consultation with the Board to the extent possible, take all necessary action for winding up its affairs in an expeditious manner, including for the transferring of Trust Fund assets to the successor as directed by the Board in writing without undue delay, and for meeting outstanding commitments. All of the powers and rights of the Trustee under this Agreement, including the right to be reimbursed for the fees, costs and expenses incurred under this Agreement, shall continue until the affairs of the Trustee have been wound up.

9. Notices

9.1. Unless otherwise specified in this Agreement, any communication, notice or request required or permitted to be given or made under this Agreement shall be executed in writing by the authorized person set forth below and delivered to the address set forth below, or other contact details as may be notified in writing by one Party to the other from time to time.

For the Fund:

Executive Director
Green Climate Fund

Headquarters address:
G-Tower, 24-4 Songdo-Dong,
Yeonsu-Gu Incheon City, Republic of Korea

Temporary Address:
P.O. Box 260124
53113 Bonn, Germany

Telephone: +49 228 815 1371
Facsimile: +49 228 815 0359
E-mail: isecretariat@gcfund.net

For the Trustee:

Director
Multilateral Trusteeship and Innovative Financing
The World Bank
1818 H Street, N.W.
Washington, DC 20433
U.S.A.

Telephone: +1 (202) 458-0019
Facsimile: +1 (202) 614-0249
E-mail: mtotruster@worldbank.org

10. Dispute Resolution

10.1. The Fund and the Trustee shall, to the extent possible, strive to resolve promptly and amicably questions of interpretation and application of this Agreement and settle any disputes, controversy or claims arising out of or relating to this Agreement.

10.2. Any dispute, controversy or claim arising out of or relating to this Agreement, which has not been settled by the agreement between the Parties, shall be submitted to arbitration in accordance with the Arbitration Rules of the United Nations Commission on International Trade Law (UNCITRAL) in force on the effective date of this Agreement, and the following provisions: (a) the appointing authority shall be the Secretary-General of the Permanent Court of Arbitration; and (b) the language of the arbitral proceedings shall be English.

10.3. Any arbitral award under paragraph 10.2 above shall be final and binding upon the Parties. The provisions set forth in paragraphs 10.1 and 10.2 above shall be in lieu of any other procedure for the settlement of disputes between the Parties.

11. Disclosure

11.1. The Trustee will disclose this Agreement and related information on this Trust Fund in accordance with the World Bank Policy on Access to Information. By entering into this Agreement, the Fund consents to disclosure of this Agreement and related information on this Trust Fund.

12. Execution in Counterpart

12.1. This Agreement may be simultaneously executed in several copies, each of which shall be an original and all of which shall constitute but one and the same instrument.

IN WITNESS WHEREOF, the Parties have caused this Agreement to be executed on its behalf by its duly authorized officer, as of the date first above written.

GREEN CLIMATE FUND

By: _____
(Authorized Representative)
Name: _____
Title: _____

INTERNATIONAL BANK FOR RECONSTRUCTION AND DEVELOPMENT, SERVING AS THE INTERIM TRUSTEE OF THE GREEN CLIMATE FUND TRUST FUND

By: _____
(Authorized Representative)
Name: _____
Title: _____

ANNEX I**Form of Contribution Agreement*****Trust Fund Contribution Agreement among the Green Climate Fund, the International Bank for Reconstruction and Development and [name of Contributor] concerning the Green Climate Fund Trust Fund (MTO No. 069022)***

1. The Green Climate Fund (“Fund”) and the International Bank for Reconstruction and Development (“Bank”), serving as the interim trustee (“Trustee”) of the Green Climate Fund Trust Fund (MTO No. 069022) (“Trust Fund”), established for the purpose of the Green Climate Fund, acknowledge that the *[name of Contributor]* (“Contributor”) agrees to provide the sum of _____ *[currency]* (*[currency]*_____) (“Contribution”) as a grant contribution to the Trust Fund in accordance with the terms of this Agreement. Other contributors are also expected to contribute to the Trust Fund on the terms and conditions specified in paragraph 2.
2. The Contributor agrees that the Trustee shall administer the Contribution in accordance with the Agreement on the Terms and Conditions for the Administration of the Green Climate Fund Trust Fund dated [] between the Green Climate Fund and the Trustee (“GCF Trust Fund Agreement”), and the Contributor confirms that it has received a copy of that agreement. The GCF Trust Fund Agreement, as may be amended in accordance with its terms, shall constitute an integral part of this Agreement.
3. The Contributor shall deposit the Contribution into the bank account designated by the Trustee [promptly following countersignature of this Agreement by the Contributor and submission of a payment request by the Trustee.] *or* [in installments in accordance with the following schedule:
 - (a) promptly following countersignature of this Agreement by the Contributor and upon submission of a payment request by the Trustee, *[insert currency and amount of contribution]*; [and]
 - (b) on or before *[insert date(s)]* and upon submission of a payment request by the Trustee, *[insert currency and amount of contribution]*.]
4. When making any deposit, the Contributor shall instruct its bank to include in the payment details information (remittance advice) field of its SWIFT payment message, information indicating: the amount paid, that the payment is made by the Contributor for MTO No. 069022 (Green Climate Fund Trust Fund), and the date of the deposit [(“Deposit Instruction”).
5. [The Trustee shall convert the Contribution funds into the holding currency of the Trust Fund, which as at the date of this Agreement is United States dollars, promptly upon receipt of the Contribution funds and the Deposit Instruction containing the information specified in paragraph 4 at the exchange rate obtained by the Trustee on the date of the conversion. The Trustee shall hold the Contribution funds in the holding currency of the Trust Fund, which may be subsequently modified by the agreement of the Board of the Green Climate Fund and the Trustee.] *or* [The Trustee shall hold the Contribution funds in the holding currency of the Trust Fund, which as of the date of this Agreement is

United States dollars. The holding currency of the Trust Fund may be subsequently modified by the agreement of the Board of the Green Climate Fund and the Trustee.]¹

6. [To insert other provisions as the Green Climate Fund and/or the Trustee deem necessary, in the case where the Contributor is not a party to the UNFCCC.]
7. Any notice, request or other communication to be given or made under this Agreement shall be in writing and delivered by mail, facsimile or e-mail to the respective party's address specified below or at any other address as the party notifies in writing to the other parties from time to time:

For the Fund:

Executive Director
Green Climate Fund

Headquarter address:
G-Tower, 24-4 Songdo-Dong,
Yeonsu-GuIncheon City, Republic of Korea

Temporary Address:
P.O. Box 260124
53113 Bonn, Germany

Telephone: +49 228 815 1371
Facsimile: +49 228 815 0359
E-mail: isecretariat@gcfund.net

For the Trustee:

Director
Multilateral Trusteeship and Innovative Financing
The World Bank
1818 H Street, N.W.
Washington, D.C. 20433
U.S.A.

Tel: +1 202 458-0019
Fax: +1 202 614-0249
E-mail: mtotruster@worldbank.org

For the Contributor:

[Name _____
[Title _____
[Office _____
[Address _____

Tel:
Fax:
E-mail:

8. This Agreement may be amended only in writing among the Fund, the Trustee and the Contributor.

¹ If the Contribution is provided in a currency other than United States dollars, use the first bracketed texts. If the Contribution is provided in United States dollars, use the second bracketed texts.

9. Each of the parties to this Agreement represents, by confirming its agreement below, that it is authorized to enter into this Agreement and act in accordance with these terms and conditions. The parties are requested to sign and date this Agreement, and upon possession by the Trustee of this fully signed Agreement, this Agreement shall become effective as of the date of the last signature.

GREEN CLIMATE FUND

By: _____ Date: _____
Name: _____
Title: _____

INTERNATIONAL BANK FOR RECONSTRUCTION AND DEVELOPMENT, SERVING AS THE INTERIM TRUSTEE OF THE GREEN CLIMATE FUND TRUST FUND

By: _____ Date: _____
Name: _____
Title: _____

[NAME OF CONTRIBUTOR]

By: _____ Date: _____
Name: _____
Title: _____

Annex XXV: Amendment to the Amended and Restated Transfer Agreement between the Interim Trustee and the UNFCCC Secretariat Acting as the Interim Secretariat for the Green Climate Fund

***Amendment to the Amended and Restated Transfer Agreement
Under the Green Climate Fund Trust Fund (MTO No. 069022)***

1. Reference is made to the Amended and Restated Transfer Agreement, effective as of June 19, 2012, between the International Bank for Reconstruction and Development (“Bank”), serving as the interim trustee (“Trustee”) of the Green Climate Fund Trust Fund (MTO No. 069022) (“Trust Fund”), established for the purpose of the Green Climate Fund, and the secretariat of the United Nations Framework Convention on Climate Change (“UNFCCC secretariat”), in connection with UNFCCC secretariat’s responsibility to provide support in the setting-up and running of the Interim Secretariat of the Green Climate Fund (“Transfer Agreement”).
2. Unless the context requires otherwise, the capitalized terms used in this Amendment shall have the meanings ascribed to them in the Transfer Agreement.
3. Following the approval by the Board to extend the term of the Transfer Agreement to 31 March 2014 in order to facilitate the transition of work from the interim secretariat to the independent secretariat (decision B.05/21), the Parties hereby agree that, notwithstanding paragraph 15 of the Transfer Agreement, the Transfer Agreement shall be terminated on 31 March 2014.
4. All other terms of the Transfer Agreement shall remain the same.
5. The Trustee and/or the UNFCCC secretariat and/or the Interim Secretariat will make this Amendment and any related information on the Trust Fund publicly available in accordance with their policies and procedures with respect to the disclosure of information, in effect at the time of disclosure.
6. This Amendment may be executed in any number of counterparts, all of which taken together shall constitute one and the same instrument.
7. The Parties agree that upon receipt by the Trustee of the copy of this Amendment countersigned by the UNFCCC secretariat, this Amendment shall become effective as of the date of the last signature.

**INTERNATIONAL BANK FOR RECONSTRUCTION AND DEVELOPMENT, SERVING AS THE
INTERIM TRUSTEE OF THE GREEN CLIMATE FUND TRUST FUND**

By: _____
Name:
Title:

Date: _____

**SECRETARIAT OF THE UNITED NATIONS FRAMEWORK CONVENTION ON CLIMATE
CHANGE**

By: _____
Name:
Title:

Date: _____

Annex XXVI: Administrative budgets of the Board, the Secretariat and the Interim Trustee for the period from 1 January to 31 December 2014

Table 1: Board: Administrative budget for the period from 1 January to 31 December 2014 (in US\$)

| | Budget |
|---|----------------------------|
| | 1 January–31 December 2014 |
| 1.1 Board meetings | |
| <i>Number of meetings</i> | 3 |
| 1.1.1 Board representatives travel | 792,000 ^a |
| 1.1.2 Secretariat staff travel | 90,000 ^b |
| 1.1.3 Venue and logistics | 170,000 ^c |
| <i>Sub-total: Board meetings</i> | 1,052,000 |
| 1.2 Co-Chair and Board representative travel | |
| 1.2.1 Co-Chair and Board representative travel | 22,500 ^d |
| <i>Sub-total: Co-Chair and Board representative travel</i> | 22,500 |
| 1.3 Board committees, panels and groups | |
| <i>Number of meetings</i> | 4 |
| 1.3.1 Board representatives travel | 90,000 ^e |
| 1.3.2 Venue and logistics | 80,000 ^f |
| <i>Sub-total: Board committees, panels and groups</i> | 170,000 |
| Grand total: Board | 1,244,500 |

^a Twelve members, and twelve alternate members, at an average cost of US\$ 7,500 each per meeting; 24 advisers at an average cost of US\$ 3,500 each per meeting.

^b Assuming twelve Secretariat staff at an average cost of US\$ 7,500 per meeting of the Board held away from the Fund's headquarters.

^c Assuming an average cost of US\$ 150,000 per meeting for meetings held away from the Fund's headquarters and two meetings of the Board held at the Fund's headquarters at an average cost of US\$ 10,000.

^d Assumes three Co-Chair and Board representatives at an average cost of US\$ 7,500 each.

^e Assumes three funded participants for one committee, panel and group meeting at an average of every three months, at an average cost of US\$ 7,500 each.

^f Assuming one committee, panel and group meeting at an average of every three months, at an average cost of US\$ 20,000 per meeting.

Table 2: Secretariat: Administrative budget for the period from 1 January to 31 December 2014 (in US\$)

| | Budget 1 January–31 December 2014 |
|--|---|
| 2.1 Salaries, wages and consultancies | |
| 2.1.1 Full-time staff | 8,744,960 ^a |
| 2.1.2 Temporary staff support | 556,706 ^b |
| 2.1.3 Consultancies | 1,575,000 ^c |
| 2.1.4 Travel of interview candidates and expert appraisers | 217,500 ^d |
| 2.1.5 Relocation benefits and allowances | 712,500 ^e |
| <i>Sub-total: Salaries, wages and consultancies</i> | 11,806,666 |
| 2.2 Travel | |
| 2.2.1 Staff travel | 450,000 ^f |
| <i>Sub-total: Travel</i> | 450,000 |
| 2.3 Contractual services, general operating and information technology | |
| 2.3.1 Office utility costs | 144,000 ^g |
| 2.3.2 Contractual services | 2,000,000 ^h |
| 2.3.3 External administrative service support | 1,630,000 ⁱ |
| 2.3.4 Communication and printing | 250,000 ^j |
| 2.3.5 Information and communication technology | 850,000 ^k |
| <i>Sub-total: Contractual services, general operating, information technology</i> | 4,874,000 |
| Grand total: Secretariat | 17,130,666 |

^a In response to decision B.04/03, paragraph (a) (ii), the Asian Development Bank's (ADB) salaries and benefits were applied as benchmarks. The initial core management and staff would include up to: five Directors (IS7-9); 31 mid- to senior-level specialist posts (IS4-IS6); two entry level posts (IS1-IS3); 10 support staff; and the Executive Director.

^b Temporary staff support, on average three months.

^c It is anticipated that 350 weeks of consultants' time will be required to provide specialist advice on areas such as readiness and preparatory support, access modalities and accreditation, initial resource mobilization, outreach activities, Private Sector Facility support, general logistic support, information technology expertise, etc. Furthermore, the cost of expert interview appraisers will be covered through this proposed budget.

^d In order to facilitate recruitment of the initial staff of the Secretariat in 2014, in-person interviews will be held at the Fund's headquarters in Songdo, Republic of Korea, for three candidates for each of ten posts, at an average cost of US\$ 3,750 each. Two expert interview appraisers will take part in the interview panels, accounting for seven trips at an average cost of US\$ 7,500 each. The interviews for all remaining posts will be facilitated via video or teleconference to minimize travel costs.

^e Assumes one-way travel of 38 appointed specialist staff to their duty station, at an average cost of US\$ 3,750 each, assumes 38 one-time relocation grants at an average cost of US\$ 15,000 each.

^f This assumes approximately five staff travelling per month at an average cost of US\$ 7,500 each.

^g Office utility cost for the Fund's headquarters of US\$ 3,000 per month, per floor, initially occupying four floors in 2014.

^h Contractual services to include contracting of consultancy firms to supplement the substantive work programme of the Secretariat in 2014, including recruitment, readiness, accreditation, etc.

ⁱ External administrative support services, to include payroll, accounting, travel agent, etc.

^j Communication costs include the general update and maintenance of the Fund's website, as well as publications and outreach material.

^k Information and communication technology (ICT) costs include ICT-related investments, such as implementing ICT infrastructures, purchase of licenses, IT maintenance costs, etc.

Table 3: Interim Trustee: Administrative budget for the period from 1 January to 31 December 2014 (in US\$)

| | Budget |
|---|----------------------------|
| | 1 January–31 December 2014 |
| 3.1 Financial and programme management | |
| 3.1.1 Staff costs and expenses | 230,400 ^a |
| 3.1.2 Travel | 30,000 ^b |
| <i>Sub-total: Financial and programme management</i> | 260,400 |
| 3.2 Investment management | 35,000^c |
| 3.3 Accounting and reporting | |
| 3.3.1 Staff costs and expenses | 31,300 ^d |
| <i>Sub-total: Accounting and reporting</i> | 31,300 |
| 3.4 Legal services | |
| 3.4.1 Staff costs and expenses | 85,700 ^e |
| 3.4.2 Travel | 30,000 ^f |
| <i>Sub-total: Legal services</i> | 115,700 |
| 3.5 Information technology systems^g | - |
| Grand total: Interim Trustee | 442,400 |

^a These items cover: establishment of processes and procedures relating to financial transactions; development and implementation of procedures for recording allocations and commitments; management of the contribution receipt process, including all banking, foreign exchange, payment requests and acknowledgements; executing cash transfers; and regular financial reporting.

^b Assumes travel of one Interim Trustee representative at an average cost of US\$ 7,500 per meeting of the Board and one mission at the request of the Fund on Fund related business.

^c Calculated at 3.5 basis points (0.035%) of the average annual undisbursed balance in the Green Climate Fund Trust Fund, assumed at US\$ 100 million in calendar year 2014.

^d This item includes maintenance of appropriate records and accounts to identify contributions and other receipts and GCF Trust Fund liabilities.

^e These items include preparing contribution agreements/arrangements with contributors and other agreements and arrangements as required, including with the Fund and its Secretariat, and review of Fund documents as they impact the role of the Interim Trustee.

^f Assumes travel of one Interim Trustee lawyer at an average cost of US\$ 7,500 per meeting of the Board and one mission at the request of the Fund on Fund related business.

^g To be assessed after the business model framework has been finalized.

Note: Interim Trustee staff costs and expenses include all indirect costs and overhead expenses. Estimated amounts are rounded to nearest US\$ 100; totals may not add due to rounding.

Annex XXVII: Decisions taken between meetings

DECISION B.BM-2013/03

The Board, through a decision taken between meetings on a no-objection basis:

Approved the accreditation of following organizations as observer organizations with the Fund:

International entities:

African Development Bank (AfDB)

Corporación Andina de Fomento (CAF)

Economic Community Of West African States Bank for Investment and Development (EBID)

International Renewable Energy Agency (IRENA)

United Nations Environment Programme (UNEP)

Civil society organizations:

Abibimman Foundation

Action de Jeunesse pour le Développement (AJED-Congo)

CARE Denmark

Centro Alexander von Humboldt

Centro de Transporte Sustentable de México A. C. (CTS EMBARQ México)

Christian Aid

College of the Atlantic (COA)

Deutsches Institut für Entwicklungspolitik (DIE) - German Development Institute

E3G Third Generation Environmentalism

Environmental Defense Fund (EDF)

Forum for Nature Protection

Fundación M'Biguá Ciudadanía y Justicia Ambiental

NeoNepal

The Nature Conservancy

Ogiek Peoples' Development Program (OPDP)

Pesticide Action Network (PANeM)

U.S. Climate Action Network (USCAN)

Women in Informal Employment: Globalizing and Organizing (Wiego)

Zambia Climate Change Network (ZCCN)

Private sector organizations:

Air Transport Action Group (ATAG)

Amsterdam Capital Trading B.V.

Business Council for Sustainable Energy (BCSE)

ICF Incorporated, L.L.C.

International Chamber of Commerce (ICC)

International Emissions Trading Association (IETA)

Philippine Chamber of Commerce and Industry, Inc. (PCCI)

Annex XXVIII: List of Board members and alternate members participating in the meeting**Members of the Board**

Mr. Christian N. Adovelande

Mr. Arnaud Buisse

H.E. Mr. Jan Cedergren

Mr. Nicholas Dyer

Mr. Omar El-Arini

Mr. Zaheer Fakir (Co-Chair)

Ms. Ana Fornells de Frutos

Mr. Pedro Garcia Brito

Mr. Derek Gibbs

Mr. Henrik Harboe

Ms. Beata Jaczewska

Mr. David Kaluba

Mr. Manfred Konukiewitz

Mr. Matthew Kotchen

Mr. Ziqiang Liang

Mr. Ewen McDonald (Co-Chair)

Mr. Kentaro Ogata

Mr. Jose Ma. Clemente S. Salceda

H.E. Mr. Sergio Serra

Mr. Ayman M. Shasly

Mr. George Zedginidze

Alternate members of the Board

Mr. Frederic Glanois

Mr. Richard Doornbosch

Mr. Jozef Buys

Mr. Josceline Wheatley

Mr. Tosi Mpanu Mpanu

Ms. Ludovica Soderini

Mr. Anton Hilber

H.E. Ms. Audrey Joy Grant

Mr. Tomas Zidek

Mr. Adam Kirchknopf

Mr. Norbert Gorissen

Mr. Himamauli Das

Mr. Kwang-Yeol Yoo

Mr. Rod Hilton

Mr. Tomonori Nakamura

Mr. Dipak Dasgupta

Mr. Rodrigo Rojo

Ms. Adriana Soto

Mr. Farrukh Khan

Mr. Irfa Ampri