

Green Climate Fund

Structure of the Fund, Including the Structure of the Private Sector Facility (Progress Report)

GCF/B.06/12

14 February 2014

Meeting of the Board

19-21 February 2014

Bali, Indonesia

Agenda item 12 (d)

Recommended action by the Board

It is recommended that the Board:

- (a) Takes note of the information presented in document GCF/B.06/12 *Structure of the Fund, Including the Structure of the Private Sector Facility (Progress Report)*; and
- (b) Provides guidance to the Secretariat concerning the finalization of the structure of the Fund for the May 2014 Board meeting.

Structure of the Fund, Including the Structure of the Private Sector Facility (Progress Report)

I. Introduction

1. At its October 2013 meeting, the Board took a number of important decisions relating to the structure of the Fund, including the structure and staffing of the Secretariat, the structure of the Private Sector Facility (PSF), and Board committees and panels. The Board further decided that finalizing the Fund structure is an essential pre-requisite for resource mobilization.
2. At the same meeting, the Secretariat of the Fund was established, as provided under paragraph 19 of the Governing Instrument¹. After the termination of interim arrangements, the Secretariat started its activities at the Fund's headquarters in Songdo, Republic of Korea, on 6 January 2014.
3. Following these decisions, it is important to take account of the evolution that they implies for the duties and responsibilities of the Board, the Co-Chairs, the Board's committees and panels, the Secretariat, the Executive Director and the Trustee. This document provides a progress report on the structure of the Fund, including a discussion of the changes implied by the transition towards the Fund's operational phase, in the light of the Governing Instrument, the Rules of Procedure of the Board, and prior Board decisions.

II. Implications of the transition to an operational phase for the Fund's structure

4. This Chapter seeks to give an overview of the governance structure of the Fund, discusses the progress made in establishing the Fund's normative and fiduciary framework and environmental and social safeguards, and gives an overview of the structure of the Secretariat.

2.1 Fund's governance structure

5. The Fund is a new type of international organization *sui generis*, which is different from traditional organizations in several aspects. The Fund was established by a decision of the Conference of the Parties (COP) to the United Nations Framework Convention on Climate Change (UNFCCC) as a operating entity of the financial mechanism under Article 11 of the Convention, with privileges and immunities, juridical personality to operate effectively internationally, and with such legal capacity as is necessary for the exercise of its functions and the protection of its interests².
6. The relationship between the Fund and the COP, as defined in the Governing Instrument, is based on the concepts of accountability and guidance. In accordance with paragraphs 4 and 6 of the Governing Instrument, the Fund will be accountable to, and function under the guidance of, the COP, in accordance with arrangements to be concluded between the COP and the Fund. Paragraph 5 of the Governing Instrument further provides that the Fund will be governed and supervised by a Board that will have full responsibility for funding decisions.
7. Unlike most other organizations, the Fund does not have a formal membership structure or a plenary body in which all members are represented. For certain matters (e.g. the eligibility

¹ Decision B.05/11.

² Governing Instrument, paragraphs 7 and 8.

for financing), the Governing Instrument refers to the Convention³. Moreover, the termination of the Fund would be decided by the COP.

8. In addition, the governance structure of the Fund comprises the Board with its two Co-Chairs, the Secretariat headed by the Executive Director, the Trustee, an Independent Evaluation Unit, an Independent Integrity Unit, and an independent redress mechanism. Terms of reference for these three bodies are submitted to the Board for consideration at its February 2014 meeting (document GCF/B.06/06).

9. The Board and the Secretariat are two core governance components of the Fund. The functions of the Board and the Secretariat are both defined in the Governing Instrument. The Board and the Secretariat have each been given a specific role by the Governing Instrument.

10. Under the Governing Instrument, the Trustee manages the financial assets of the Fund, maintains appropriate financial records and prepares financial statements and other reports required by the Board. However, the Trustee has no role in the operational direction of the Fund.

11. The Heads of the Independent Evaluation Unit, the Independent Integrity Unit, and the Independent Redress Mechanism Unit are appointed by, and report to, the Board.⁴

12. The Independent Evaluation Unit (IEU) is part of core structure of the Fund. The purpose of the independent evaluations is to inform decision-making by the Board and to identify and disseminate lessons learned. The results of the periodic evaluations will be published. Reports of the Fund's Independent Evaluation Unit will be provided to the COP for purposes of periodic reviews of the financial mechanism of the Convention. The COP may commission an independent assessment of the overall performance of the Fund, including Board performance.⁵

13. The Independent Integrity Unit (IIU) works closely with the Secretariat to enable the latter to take appropriate action on the findings of any investigation. The Governing Instrument mandates the Independent Integrity Unit "to work with the Secretariat and report to the Board, to investigate allegations of fraud and corruption in coordination with relevant counterpart authorities."⁶

14. The independent redress mechanism (IRM) "will receive complaints related to the operation of the Fund and will evaluate and make recommendations."⁷ Under the arrangements between the COP and the Fund, approved in 2013, the Fund is mandated to include in its annual reports to the COP the recommendations of its independent redress mechanism, and any action taken by the Board in response to those recommendations. The COP may provide additional guidance to clarify policies, programme priorities and eligibility criteria as they impact funding decisions.

2.2 The Board

15. The Board has a key role in the governing structure of the Fund as emphasized by paragraph 5 of the Governing Instrument:

"The Fund will be governed and supervised by a Board that will have full responsibility for funding decisions."

³ Ibid, paragraph 35.

⁴ Ibid, paragraph 60.

⁵ Ibid, paragraphs 59 to 62.

⁶ Ibid, paragraph 68.

⁷ Ibid, paragraph 69.

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16. The Board of the Fund will:⁸
- (a) Oversee the operation of all relevant components of the Fund;
 - (b) Approve operational modalities, access modalities and funding structures;
 - (c) Approve specific operational policies and guidelines, including for programming, project cycle, administration, and financial management;
 - (d) Approve funding in line with the Fund's principles, criteria, modalities, policies and programmes;
 - (e) Develop environmental and social safeguards and fiduciary principles and standards that are internationally accepted;
 - (f) Develop criteria and application processes for the accreditation of implementing entities of the Fund and accredit implementing entities and withdraw such accreditation;
 - (g) Establish subcommittees and panels and define their terms of reference, as appropriate;
 - (h) Establish additional thematic windows and/or substructures to address specific activities, as appropriate;
 - (i) Establish a framework for the monitoring and evaluation of performance and the financial accountability of activities supported by the Fund and any necessary external audits;
 - (j) Review and approve the administrative budget of the Fund and arrange for performance reviews and audits;
 - (k) Appoint the Executive Director of the secretariat;
 - (l) Appoint the head of the evaluation unit and the heads of all accountability units;
 - (m) Receive guidance and take action in response to any guidance from the COP and prepare annual reports to the COP on its activities;
 - (n) Develop working and coordination arrangements with other relevant bodies under the Convention and other relevant international institutions;
 - (o) Select, appoint and enter into legal and administrative arrangements with the Trustee; and
 - (p) Exercise such other functions as may be appropriate to fulfil the objectives of the Fund.

2.3 The Co-Chairs

17. Under the Rules of Procedure of the Board, the Co-Chairs have a central role regarding the conduct of Board meetings, approval of the agenda, Board decisions and decisions taken by the Board between meetings, and regarding the representation of the Board and the Fund.

18. Between Board meetings, the Co-Chairs are the link between the Board and the Secretariat. In accordance with paragraph 35 of the Rules of Procedure, the Secretariat shall make all arrangements for the meetings of the Board under the guidance of the Co-Chairs. This concerns not only all procedural matters. In general, the Co-Chairs have a crucial role in providing guidance to the Secretariat on core strategic matters.

⁸ Ibid, paragraph 18.

2.4 The Secretariat

19. The transition from the interim arrangements to the Secretariat has important implications for its role and functions.

20. The Interim Secretariat was set up as an autonomous unit within the premises of the UNFCCC secretariat, so that the latter could “provide technical, administrative and logistical support to the Board until the Secretariat of the Green Climate Fund is established.”⁹ The Interim Secretariat depended on the administrative and logistical support of the secretariats to the UNFCCC and of the Global Environment Facility (GEF), and followed UNFCCC administrative rules and procedures. Its functions were narrowly defined by the Governing Instrument. The position of head of the Interim Secretariat was not formally filled. This contributed to the need for increased involvement of the Co-Chairs during the interim period.

21. This situation changed. Under the Governing Instrument, the Secretariat has a much broader role than the Interim Secretariat. Under paragraph 23 of the Governing Instrument, the Secretariat is “responsible for the day-to-day operations of the Fund, providing administrative, legal and financial expertise. In particular, the Secretariat will:

- (a) Organize and execute all administrative duties;
- (b) Report information on the Fund’s activities;
- (c) Liaise with members, implementing entities, and cooperating bilateral and multilateral institutions and agencies;
- (d) Prepare performance reports on the implementation of activities under the Fund;
- (e) Develop the work programme and annual administrative budget of the secretariat and trustee and submit them for approval by the Board;
- (f) Operationalize the project and programme cycle processes;
- (g) Prepare financial agreements related to the specific financing instrument to be concluded with an implementing entity;
- (h) Monitor the financial risks of the outstanding portfolio;
- (i) Work with the trustee to support the Board to enable it to carry out its responsibilities;
- (j) Carry out monitoring and evaluation functions;
- (k) Support the Board in arranging replenishment processes;
- (l) Establish and run effective knowledge management practices; and
- (m) Perform any other functions assigned by the Board.”

2.5 The Executive Director

22. The Secretariat is headed by an Executive Director, who was appointed by, and is accountable to, the Board.

23. The staff selection will be managed by the Executive Director and will be open, transparent and based on merit, taking into account geographic gender balance.¹⁰ The Executive Director and the Secretariat have been given functions and responsibilities under the Governing Instrument that they perform within the policy guidance framework established by the Board and communicated to the Secretariat by the Co-Chairs.

⁹ Decision 3/CP.17, paragraph 18.

¹⁰ Governing Instrument, paragraphs 19 and 20.

24. The Executive Director is accountable to the Board for the performance of the Secretariat. This implies that, in principle, communications to the Secretariat should be addressed by Board members to the Executive Director who would determine how the communication should best be addressed.

25. The Governing Instrument does not set out who will represent the Fund at external meetings and/or to third parties. The Rules of Procedure only address this matter in relation to the Board. Paragraph 14 of the Rules of Procedure provides that:

“The Co-Chairs may represent the Board at external meetings and report back to the Board on those meetings. They may delegate that function acting jointly.”

26. The Governing Instrument empowers the Secretariat to “[i]iaise with members, implementing entities, and cooperating bilateral and multilateral institutions and agencies.”¹¹

27. In order to enable the Fund to operate efficiently, the Board may consider providing the Executive Director with a general delegated authority to represent the Fund between Board meetings, except for those matters expressly excluded by the Board or as otherwise decided by the Board on an ad hoc basis.

2.6 Delineation of functions between the Board and the Secretariat

28. The Governing Instrument lays out a delineation of responsibilities between the Board and the Secretariat. Concerning the Board, it states that its roles and functions are to:¹²

“Approve funding in line with the Fund’s principles, criteria, modalities, policies and programmes.”

29. The Secretariat’s functions in funding decisions are defined by the Governing Instrument:¹³

“The Secretariat will be responsible for the day-to-day operations of the Fund, providing administrative, legal and financial expertise. In particular, the secretariat will: Operationalize the project and programme cycle processes.”

30. The Board is therefore responsible for approval of funding strategies in line with the Fund’s principles, while the Secretariat has the responsibility to translate these strategies into project and programme funding decisions and funding agreements.

2.7 Implications for decision-making procedures

31. The Board of the Fund not being resident, Board procedures and practices are designed to enhance the impact and strategic outlook of the Board’s deliberations and decisions. This is consistent with studies conducted of the governance of both public and private bodies, which emphasize that boards of public and private funds function best when they have a strong strategic focus while day-to-day operational decisions are delegated to an executive body.

32. Recent independent reviews of other major public funding agencies have come to the following strategic conclusions:

“In line with best practice in both the public and private sectors, the board must focus on providing strategic direction, fiduciary oversight, and monitoring performance while

¹¹ Ibid, paragraph 23 (c).

¹² Ibid, paragraph 18 (d).

¹³ Ibid, paragraph 23 (f).

giving management its proper space for day-to-day implementation. It should resist the urge to become involved in micromanaging the [Institution], ...”¹⁴

33. Taking account of the above, as the Board moves to establish the Fund’s decision-making process, Board members may wish to consider decision-making procedures which focus the Board’s work on developing the overall strategic frameworks and parameters, including the Investment Framework, within which the Fund would fund operations, rather than on specific projects or programmes. For matters that fall within such strategic frameworks, streamlined decision-making procedures could be implemented. The adoption of streamlined procedures is expressly foreseen in paragraph 53 of the Governing Instrument that also provides that the Fund “will have a streamlined programming and approval process to enable timely disbursement.”

III. Board committees and panels

3.1 Prior Board decisions

34. At its October 2013 meeting, the Board took a decision to create a number of Board committees and panels:¹⁵

- (a) Risk Management Committee;
- (b) Investment Committee;
- (c) Ethics and Audit Committee; and
- (d) Private Sector Advisory Group (as a panel).¹⁶

35. As part of its guiding framework and procedures for accrediting national, regional and international implementing entities and intermediaries, the Board also requested 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 (see document GCF/B.06/09). In addition, the Board requested the Secretariat to initiate a call for nominations for the selection of four private sector representatives each from developing and developed countries and two civil society representatives for membership of the Private Sector Advisory Group; and convene the first meeting of the Ethics and Audit Committee and the Private Sector Advisory Group. These actions have been initiated by the Secretariat, and are currently ongoing.

36. Furthermore, the Board invited the Ethics and Audit Committee and Private Sector Advisory Group to develop work plans for their first 12 months of operation.

3.2 Areas of focus of the Board’s committees and panels

37. The terms of reference of the Board’s committees and panels (see document GCF/B.05/13) are brief. Areas not covered by the terms of reference concerning the functioning

¹⁴ Asian Development Bank, *Funds for Development – Multilateral Channels of Concessional Financing*, Manila, 2011.

¹⁵ Decision B.05/13.

¹⁶ For the purposes of this document and consistent with previous Board documents, the terms “panel” and “group” will be utilized interchangeably when relating to the Board’s panels and groups. These differ from the Board’s committees in two important respects:

- a. A Board panel or group may have members other than designated Board members, including from external bodies and agencies;
- b. Unlike a Board committee, a Board panel or group serves in an advisory capacity only and is not expected to recommend decisions to the Board.

of these bodies can be clarified by reviewing the experience and operations of other funds and financial institutions.

38. The purpose of committees in funds and financial institutions is to assist the institution's board in overseeing and making decisions about the institution's policies and procedures, financial condition, risk-management and assessment processes, adequacy of governance and controls, and impact. In addition, an ethics committee typically provides guidance to board members on matters covered by the code of conduct for board officials.

39. The structure of the Fund's committees and panels is summarized in Table 1.

Table 1: Structure of the Board's committees and panels

Board's committee/panel	Purpose of the Board's committee/panel
Risk Management Committee	Oversee and review strategic risks across Fund, at portfolio and Fund-wide levels
Investment Committee¹⁷	Oversee development of an investment strategy for the Fund. Set decision criteria for funding decisions. Review portfolio outcomes of funding decisions
Ethics and Audit Committee	Oversee development and implementation of Board policy on ethics and conflict of interest relating to Board members Review and make recommendations to the Board with regards to external audit
Private Sector Advisory Group	Provide advice on Fund engagement with the private sector

40. The current committee and panel structure calls for an agreement among the committees and panels on managing the areas of potential overlap and seeking opportunities for coordination and cooperation (e.g. between the Risk Management Committee and the Investment Committee regarding the Fund's portfolio of activities, and between the risk and the audit functions of the Ethics and Audit Committee regarding the external audits of the Fund).

41. Since the October 2013 Board decisions, progress has been made to operationalize the committees and panels. They are expected to meet at the margins of the February 2014 Board meeting.

IV. Normative and fiduciary framework and environmental and social safeguards of the Fund

42. The Fund has made substantial progress in establishing a normative framework for its operations, as well as fiduciary standards and economic and social safeguards.

43. Consistent with the mandates given by the Board by decisions B.04/03¹⁸ and GCF/B.05/11¹⁹, the Administrative Policies of the Fund, which are based on those of the Asian Development Bank (ADB), were transmitted to the Board in February 2014 for a decision between meetings. The Travel Policy is submitted to the Board for consideration at its February 2014 meeting. Detailed administrative guidelines that supplement and implement the Administrative Policies are under preparation and will be submitted to the Board for endorsement after adoption of the Administrative Policies.

¹⁷ The Investment Committee does not determine the policies and procedures applicable to the investment of the undisbursed balances in the Green Climate Fund Trust Fund, which are established by the Interim Trustee.

¹⁸ The Board decided that "*The Fund's administrative policies, including for human resources, procurement, travel and finance, are to be based on those used by the Asian Development Bank*".

¹⁹ The Board requested "*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.*"

44. At its October 2013 meeting, in its decision B.05/08, the Board requested a team of four Board members/alternate members and four international experts to oversee the development of the guiding framework for the Fund's accreditation process by the Secretariat, including the Fund's fiduciary standards and environmental and social safeguards. The Board team provided feedback and guidance on the proposed approach, and in-depth technical inputs for the development of the Fund's fiduciary standards and environmental and social safeguards. A progress report is presented for discussion at the February 2014 Board meeting (document GCF/B.06/09). The technical inputs received and the guidance of the Board will serve as a basis for further work in the completion of the assigned task by May 2014.

45. Thus, necessary steps are being taken to enable the Fund to have an effective normative and regulatory framework and commence its operations in 2014.

V. Structure and staffing of the Secretariat

5.1 Prior Board decisions

46. At its October 2013 meeting, the Board approved the initial structure and staffing of the Secretariat, authorized the Executive Director to recruit initial staff, and endorsed the process and timeframe for implementing the proposed initial structure of the Secretariat.²⁰

47. The management structure of the Secretariat envisages the Executive Director, supported by five Directors: Country Programming, Mitigation and Adaptation, External Affairs, Support Services, and PSF.²¹

5.2 Working groups of the Secretariat

48. The structure of the Secretariat was designed so that the majority of its functions can be delivered directly by its organizational units. The Secretariat management team, reporting to the Executive Director, will be responsible for all shared decisions and responsibilities.

49. Best practices relating to the operation of funds (both public and private) and other financial institutions focus on two critical operational areas that typically call upon cross-institutional review and decision-making, through a working group or committee. These correspond to, first, specific funding or credit decisions, where the viewpoints of all the members of the management team provide a more comprehensive data set on which to base the final decision; and second, on the assessment and management of institutional risk, where each member of the management team will have a different perspectives due to their differing functions, which together provide a richer picture of the institution's risk profile. Within the Secretariat, these two areas will be constituted by two proposed working groups:

- (a) **Decision working group** - responsible, within the framework of the Board-approved policies and the investment framework, for operationalizing project and programme cycle processes,²² and associated financing terms; and
- (b) **Risk management working group** - responsible for a periodic review of all the risks associated with the Fund's operations, and preparation of an annual risk management report for submission to the Board's Risk Management Committee.

²⁰ Decision B.05/10.

²¹ Details of the status of recruitment are provided in document GCF/B.06/Inf.02.

²² Based on an appraisal report prepared by the accredited intermediary or implementing entity responsible for the project or programme, and a Fund due diligence.

50. The composition of these two working groups will be determined by the Executive Director, to ensure both efficiency and an adequate firewall between funding decisions and risk assessment.

51. There may be a need for other working groups to be created in the future, as determined by the Executive Director²³. In this case, the Executive Director will inform the Board of such a decision.

Table 2: Secretariat's working groups

Secretariat's working group	Purpose of working group	Corresponding committee in investment funds or other financial institutions	Comment
Decision working group	Funding decisions based on the investment framework approved by the Board and on the Fund's due diligence of the appraisal report prepared an accredited intermediary or implementing entity	Credit or investment committee	As the Fund will operate through intermediaries and implementing entities, it will be necessary for all operations under review to undergo a Fund due diligence.
Risk management working group	Review of risks associated with the Fund's operations. Oversight of annual risk management report prepared by the Chief Financial Officer for submission to the Board's Risk Management Committee	Risk or portfolio review committee	Operation-specific risks will be reviewed by the Decision-making working group, as part of the appraisal process. The Risk management working group will focus on systemic and portfolio risks.

VI. Structure and staffing of the Private Sector Facility

6.1 Prior Board decisions

52. By its decision B.04/08, the Board decided that the PSF will operate as an integral component of the Fund. Its purpose will be to promote the participation of private sector actors in developing countries, including small and medium-sized enterprises and local financial intermediaries. The Board acknowledged, that private sector investment generally relies on readiness and enabling environments, and that it would be necessary to mobilize funds from institutional investors, such as pension funds and sovereign wealth funds.

53. The Board decided that, in the initial phase, the PSF will focus on grants and concessional loans, through accredited national, regional and international implementing entities and intermediaries. Over time, the PSF will draw on a broad range of other financial instruments (inter alia, partial risk and partial credit guarantees, subordinated debt, equity and quasi-equity) and modalities to achieve its objectives, and may work directly with private sector adaptation and mitigation actors at the national, regional and international levels, subject to consideration by the Board of a phased approach.

²³ An example currently under review would be the creation of a technical advisory panel to assess programme and project proposals against the approval criteria of the Fund for their transformational potential.

6.2 Institutional arrangements

54. The PSF will be fully integrated into the Fund governance and management structure. Full integration makes best use of the Fund's scarce technical skills and enhances knowledge sharing and learning within the organization, while maximizing opportunities for public-private partnerships. The key challenge will be to set in place effective and efficient decision-making processes, consistent with the pace of the private sector, to be able to effectively catalyse and leverage private sector investments.

6.3 Staffing of the Private Sector Facility

55. The PSF Director, reporting to the Executive Director, will be responsible for the management and oversight of the PSF Division. This position corresponds to one of the positions for recruitment currently underway, and the director is expected to be on board around mid-2014. At that time or shortly thereafter, two private sector specialists/team leaders will be recruited, one focusing on project finance and the second on financial intermediation and institutions.

56. By end of 2014, the PSF team will be composed of four experts reporting to the PSF Director, in the areas of structured finance; project finance; guarantees and insurance; and financial institutions and intermediation.

6.4 Accredited intermediaries and implementing entities in the initial phase

57. Intermediaries and implementing entities already active in private sector climate investment operations will be identified and, if their operations are consistent with Fund criteria, accredited. The entity's own appraisal procedures and criteria will be utilized, but will undergo a due diligence carried out by the Fund. The Fund will utilize a standard term sheet template and grant or loan agreement template, tailored as necessary for each individual funding activity and accredited entity. It is expected that the newly accredited entities will undertake the bulk of project identification on behalf of the PSF, at least in the initial phase.

VII. The Trustee

58. In December 2011, the COP designated the World Bank as the Interim Trustee of the Fund, subject to a review three years after operationalization of the Fund, at which time a permanent Trustee would be selected by the Board through a competitive bidding process. The World Bank's Executive Directors agreed that the World Bank would provide interim trustee services to the Fund up to April 2015, and the Green Climate Fund Trust Fund was established at the World Bank for this purpose.

59. As provided in the Governing Instrument, the Trustee is accountable to the Board for the performance of its responsibilities as trustee of the Fund. Since the specific roles and responsibilities of the Interim Trustee are not described in decision 3/CP.17 or the Governing Instrument, the provisions of the Governing Instrument specifying the roles and responsibilities of the Trustee are understood to apply mutatis mutandis to the Interim Trustee.

60. As the Interim Trustee, the World Bank has entered into agreements with contributors to receive contributions into the Green Climate Fund Trust Fund, held and invested such contributions, and transferred them in accordance with Board decisions. Funding decisions of the Board to date have been made to support the administrative budget of the Fund, which covers the costs and expenses of the Board, the Secretariat and the Interim Trustee.

The Interim Trustee prepared quarterly financial reports on the Green Climate Fund Trust Fund, which were included in the World Bank's 2013 Single Audit Report, all of which were distributed to the Board.

61. Subsequent to the entry into force of the Headquarters Agreement recognizing the legal capacity of the Fund in the Republic of Korea, the Interim Trustee has:

- (a) Entered into an agreement to set forth the terms and conditions for administering the Green Climate Fund Trust Fund directly with the Fund;
- (b) Amended the existing contribution agreements to add the Fund as a signatory; and
- (c) Extended the expiry date of the Transfer Agreement with the UNFCCC secretariat to facilitate winding up of the operations of the Interim Secretariat.

62. Once the implementing entities have been accredited and projects and programmes have been approved for funding, the Interim Trustee would make cash transfers to such entities at the instruction of the Board or its authorized designee. Under this arrangement, the Fund would enter into agreements directly with the implementing entities, and the implementing entities would be directly responsible to the Fund for the use of funds. The Interim Trustee would not enter into agreements with the implementing entities.

63. The Interim Trustee has indicated it stands ready to provide advice to the Fund on trustee and financial management matters, if so requested by the Secretariat or the Board.

Annex I: Structure of the Fund

