

Green Climate Fund

Report of the Sixth Meeting
of the Board,
19-21 February 2014

GCF/B.06/19

12 May 2014

Meeting of the Board

19-21 February 2014

Bali, Indonesia

Agenda item 21

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Report of the Sixth Meeting of the Board, 19-21 February 2014

Agenda item 1: Opening of the meeting

1. The Co-Chairs opened the meeting on 19 February 2014. On behalf of the Board, they thanked the Government of Indonesia for its generous hospitality in hosting the meeting.
2. The Co-Chairs welcomed new Board members (Mr. Marcin Korolec, Ms. Marisa Lago and Mr. Patrick McCaskie) and Alternate Board members (Ms. Irene Jansen, Mr. Peter Kalas and Mr. Rodrigo Suarez Capstan).
3. The Co-Chairs also welcomed the four active observers to the meeting: Ms. Meenakshi Raman (Third World Network) and Mr. Brandon Wu (Action Aid International) from civil society organizations (CSOs) and Ms. Gwen Andrews (World Business Council for Sustainable Development (WBCSD) and Mr. Abyd Karmali (Climate Markets and Investment Association (CMIA)) from private sector organizations (PSOs).
4. The Co-Chairs delivered welcoming remarks.

Agenda item 2: Adoption of the agenda and organization of work

5. The Co-Chairs introduced the provisional agenda as set forth in document GCF/B.06/01/Rev.01 *Provisional Agenda (Revision)*.
6. The Co-Chairs informed about the introduction of the agenda item relating to the Administrative Policies of the Fund. The corresponding document (GCF/BM-2014/01) was circulated to Board members for decision between meetings on a no-objection basis. As an objection was received, the Co-Chairs were working through this objection with the objecting Board member, in accordance with paragraph 43 of the Rules of Procedure of the Board. As the objection was upheld, this item will be included in the agenda of the meeting. The Co-Chairs requested the Secretariat to circulate the objection and other written comments to Board members and notify them of the action taken thereon.
7. The Co-Chairs also informed about the introduction of an agenda item relating to the Travel Policy, which was envisaged in the work plan of the Board for 2014 for decision between meetings, but the corresponding document had not been distributed.
8. After the Co-Chairs established that there was a quorum, the Board adopted the agenda as set forth in document GCF/B.06/01/Rev.01 *Provisional Agenda (Revision)*, amended as follows:
 1. Opening of the meeting
 2. Adoption of the agenda and organization of work
 3. Adoption of the report of the fifth meeting
 4. Reports on activities
 - (a) Report on activities of the Co-Chairs
 - (b) Report on activities of the Secretariat
 5. Reports from committees, panels and groups
 6. Administrative Policies of the Fund
 7. Travel Policy

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8. Initial modalities for the operation of the Fund's mitigation and adaptation windows and the Private Sector Facility
 9. Additional result areas and indicators for adaptation activities
 10. Initial results management framework of the Fund
 11. Policies and procedures for the initial allocation of Fund resources
 12. Options for a Fund-wide gender-sensitive approach
 13. Terms of reference of the Independent Evaluation Unit, the Independent Integrity Unit, and the independent redress mechanism
 14. Country ownership, including: No-objection procedure; Best practices for the establishment and composition of National Designated Authorities and focal points; and Best-practice options for country coordination and multi-stakeholder engagement
 15. Additional modalities that further enhance direct access, including through funding entities
 16. Progress reports on other essential requirements for the initial resource mobilization
 - a) Initial proposal approval process, including the criteria for programme and project funding
 - b) Guiding framework and procedures for accrediting national, regional and international implementing entities and intermediaries, including the Fund's fiduciary principles and standards and environmental and social safeguards
 - c) Fund's financial risk management and investment frameworks
 - d) Structure of the Fund, including the structure of the Private Sector Facility
 17. Detailed programme of work on readiness and preparatory support
 18. Financial terms and conditions of grants and concessional loans
 19. Status of resources
 20. Other business
 21. Report of the meeting
 22. Closure of the meeting
9. The Co-Chairs announced that the part of agenda item 20 (Other business) on the logo of the Fund will be taken up in closed executive session. A part of agenda item 6 (Administrative Policies of the Fund) was also taken up in closed executive session.
10. A Board member requested that he be addressed by the name of the constituency that he is representing. The Co-Chairs replied that they will consider this request and provide the response to that Board member.
11. A Board member requested that the Co-Chairs and the Executive Director provide answers to the comments Board members send on the provisional agenda. He also proposed to introduce an agenda item that would address decisions taken between meetings, with a sub-item capturing the decisions taken between meetings and a sub-item on guidelines for such decisions; an agenda item on the date and venue of the following meeting; and to rename the agenda item "Other business" to "Other matters."

Agenda item 3: Adoption of the report of the fifth meeting

12. The Co-Chairs drew the attention of the Board to the draft report of the fifth Board meeting (document GCF/B.05/Drf.02 *Draft Report of the Fifth Meeting of the Board, 8-10 October 2013*).
13. A Board member requested that meeting reports be submitted to the Board for adoption at the end of the meeting. He also requested that Annex XXIII of document GCF/B.05/Drf.02 be complemented with more detailed tables on the administrative budget of the Fund that were provided in document GCF/B.05/21.
14. The Executive Director explained that the Secretariat will take account of detailed tables when reporting on the execution of the administrative budget.
15. The Board agreed that the more detailed tables (tables 1, 2 and 3 in document GCF/B.05/21) would be included in an annex to its decision on the approval of the budget (decision B.05/20). The Co-Chairs concluded that the detailed tables would be included in the report of the October 2013 meeting of the Board.
16. A Board member requested that the meeting report captures both interventions made by Board members and reactions to these interventions.
17. The Executive Director explained that meetings reports are not detailed transcripts of Board meetings, that recordings of Board meetings are made available on the Fund's website after the meetings and that Board members are given an opportunity to provide comments on draft reports.
18. The Co-Chairs concluded that the Board member's request will be considered.
19. Following the discussion, the Board adopted the following decision:

DECISION B.06/01

The Board:

- (a) *Adopts the Report of the Fifth Meeting, contained in document GCF/B.05/Drf.02, as amended;*
- (b) *Decides to modify decision B.05.20 by augmenting the table in Annex XXIII document GCF/B.05/23 to include the more detailed tables 1, 2, and 3 from document GCF/B.05/21.*
- (c) *Agrees to publish it on the Fund's website (document GCF/05/24/Rev.01 Report of the Fifth Meeting of the Board, 8-10 October 2013).*

Agenda item 4: Reports on activities

A. Report on activities of the Co-Chairs

20. The Co-Chairs presented a verbal report on their activities in the period between the fifth and the sixth meeting of the Board.
21. The Co-Chairs informed that the former Co-Chair Mr. Zaheer Fakir presented a report of the Board to the nineteenth session of the Conference of the Parties (COP) to the United Nations Framework Convention on Climate Change (UNFCCC) in November 2013 in Warsaw, Poland. During COP 19, the Co-Chair Mr. Manfred Konukiewicz and the Executive Director held a press conference, as well as meetings with UNFCCC groups and Parties.
22. The Co-Chairs reported that they attended the opening ceremony of the Fund's headquarters on 4 December 2013 in Songdo, Republic of Korea.

23. The Co-Chairs informed that they worked on the preparation of decisions between meetings on the work plan of the Board for 2014, appointment of members to the Risk Management Committee and the Investment Committee, and the Administrative Policies of the Fund. They also worked on the preparation of the sixth Board meeting, through consultations with constituencies on draft documents and providing their clearance. They met with the representatives of the Secretariat on 5 December 2013 and 8-10 January 2014 in Songdo.

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

B. Report on activities of the Secretariat

25. The Executive Director and another representative of the Secretariat introduced document GCF/B.06/Inf.02 *Report on Activities of the Secretariat*.

26. The Executive Director reported on the decisions adopted between the fifth and the sixth meeting of the Board on a no-objection basis (contained in Annex VI to this document):

B.BM-2013/04 Work plan of the Board for 2014

B.BM-2014/01 Accreditation of observer organizations

B.BM-2014/02 Appointment of members to the Investment Committee

B.BM-2014/03 Appointment of members to the Risk Management Committee

27. A Board member requested the information about the communication between the Secretariat and the United Nations Office of Legal Affairs, based on a request made in decision B.05/11. He also requested more information about the junior professional officers (JPO) programme at the Secretariat. He mentioned the United Nations Environment Programme (UNEP) JPO programme that builds on a very positive experience.

28. The Executive Director informed that the Secretariat sent letters to the United Nations Office of Legal Affairs but did not receive an answer thus far and that a follow-up mission to the Office is envisaged. She also explained that the JPOs would be selected on the basis of the United Nations JPO programme criteria, but that, in the future, the Fund might develop its own programme, based on the Administrative Policies of the Fund and related human resources guidelines. She also took note of the UNEP JPO programme and invited interested governments and international organizations to consider secondment of their staff to the Secretariat.

29. The Board took note of document GCF/B.06/Inf.02, covering the activities of the Secretariat undertaken between the fifth and the sixth meeting.

Agenda item 5: Reports from committees, panels and groups

30. The Co-Chairs introduced the agenda item.

31. The Co-Chairs informed the Board about the interpretation of the Rules of the Procedure of the Board that apply *mutatis mutandis* also to committees, panels and groups. This applies also to paragraph 5 of the Rules of Procedure that stipulates that “[A]ny replacement of the Board member or Alternate Board member within a term shall be made and notified to the Secretariat by the developed or developing country Party or group of these that selected the Board member or Alternate Board member. Any such replacement shall hold the position for the remainder of the unexpired term.” Thus, to the extent that the replacement is notified pursuant to paragraph 5 by the developed or developing country Party concerned, that replacement will also be applicable to membership in committees, panels and groups.

32. The Co-Chairs reported that that the Investment Committee, the Risk Management Committee, the Ethics and Audit Committee and Board members and Alternate Board members of the Private Sector Advisory Group met before the start of the Board meeting.

33. Alternate Board member Mr. Dipak Dasgupta reported on the outcomes of the meeting of the Investment Committee. He informed that the Committee discussed several matters contained in the Terms of Reference of the Committee and emphasized that the Committee would be strongly guided by decisions of the Board. He made particular reference to discussions during the meeting on whether the investment framework in the initial stages should cover the Fund as a whole, or only the Private Sector Facility (PSF). Furthermore, he referenced discussions on the approval process, the results management framework and informed that the Committee will meet together with the Risk Management Committee.

34. Alternate Board member Mr. Irfa Ampri, Chair of the Risk Management Committee, reported on the outcomes of two meetings of the Committee. He informed that the Committee discussed the basics of its work, based on the Terms of Reference of the Committee, and also discussed the work plan of the Committee, with the emphasis on overseeing of the work on the development of the risk management framework. He also made reference to discussions on the modalities of addressing the risk issues at the Fund, including the Fund's risk appetite, governance structure and link with the different windows, as well as the investment framework, together with the Investment Committee.

35. Board member Mr. Marcin Korolec, Chair of the Ethics and Audit Committee, reported on the outcomes of two meetings of the Committee. He informed that the Committee thus far discussed the terms of reference of the Independent Integrity Unit and initiated the discussion on the terms of reference of the independent redress mechanism.

36. Alternate Board member Mr. Anton Hilber reported on the outcomes of the meeting of Board members and Alternate Board members of the Private Sector Advisory Group (PSAG). He reminded that the Board, at its fifth meeting, decided on the procedure for appointment of members of PSAG and nominated four Board members and Alternate Board members to PSAG. He informed that these four Board members and Alternate Board members followed this procedure and submitted its outcome with the proposal for appointment of other members to PSAG to the Co-Chairs, who need to approve it.

37. The Co-Chairs informed that they approved the proposal for appointment of CSO and PSO members of PSAG, taking into account the reservations expressed by CSO active observers.

38. The CSO active observer from the Third World Network expressed her disappointment and reservation with regard to the process of selection of CSO representatives in PSAG. She stated that this process did not follow the principle of transparency. She reminded the Board that CSO active observers stated at the fifth Board meeting and in writing afterwards that they would like their own self-selection process to be honoured. She stated that they do not understand the basis for rejection of their nominees and the reasons for a different process to be used for the nomination of members of PSAG as compared to the process of nomination of active observers. She stated that such a selection process weakens CSO representation and that this should not be a precedent for future decisions. Finally, she emphasized that appointed CSO representatives in PSAG cannot speak in the name of CSOs. Additionally, she also reminded of her request to have the matters relating to observers as a standing item on the agenda and her hope that this can be considered starting with the seventh Board meeting.

39. The Co-Chairs and Mr. Hilber reiterated that the procedure that was followed was set by a decision of the Board at its fifth meeting. Mr. Hilber added that all CSO candidates were considered, including those submitted by the CSO active observers. He also stated that the CSO self-selection process was not transparent and not supported by the entire CSO community.

40. The PSO active observer from WBCSD noted that the PSOs are satisfied with the process of selection of PSO members of PSAG and its outcome.

41. A Board member of PSAG confirmed and reiterated that the selection process was approached with integrity, transparency and professionalism, and that PSAG followed the mandate given to it by the Board.

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42. Several Board members requested to be provided with the criteria for selection and stressed that the Board should endorse these criteria to ensure an objective selection process. The Co-Chairs referred these Board members to the decision taken at the fifth Board meeting regarding the selection criteria.
43. A Board member explained that there should be transparency and equivalent procedures among committees, and emphasized the need to have the operationalized criteria, based on the principles from the decision taken at the fifth Board meeting, and a clarification on the mandate given to Board members and Alternate Board members of PSAG regarding the selection of other PSAG members. Another Board member also stressed that the selection process should be transparent and that guidelines should be developed and adopted.
44. The Co-Chairs requested that that a detailed report on the selection process of PSAG members who are not Board members or Alternate Board members be provided.
45. Mr. Hilber reported the following, stressing that the names of selected members may not be exposed at this stage due to confidentiality.
46. In its decision B.05/13, the Board requested 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 PSAG during its first term, in accordance with the Terms of reference, with the appointment of nominated representatives subject to the approval by the Co-Chairs.”
47. In carrying out their duties under the Board decision, the Co-Chairs requested the assistance of the Secretariat and PSAG. Board members and Alternate Board members of PSAG informed the Co-Chairs of the decision-making process for the selection of the experts and the role of the Secretariat in the process.
48. In response to the open call, over 150 timely applications for PSAG were received by the Secretariat by the application deadline of 2 December 2013. Of these, 17 were civil society applications and the rest were private sector applications.
49. In order to facilitate their selection of experts, the Co-Chairs instructed the Secretariat to prepare a methodology for evaluating the nominees and to coordinate with Board members and Alternate Board members of PSAG. After receiving comments from them, the Secretariat finalized an evaluation methodology. This evaluation methodology was based primarily on the criteria from paragraphs 6, 7 and 8 of the PSAG’s Terms of reference. In addition, geographic balance and a balance of complementary expertise across the 10-member PSAG were included as factors.
50. A screening and preliminary evaluation process was then conducted by the Secretariat using the evaluation methodology. For private sector applicants, in the first stage of the evaluation by the Secretariat, candidates were screened to identify whether they met at least one of the required criteria. Approximately 60 applicants were brought forward to a second stage. During this stage, all the remaining applications were separately evaluated and scored. Then, a short list of 20 private sector applicants was prepared, 10 from developing countries and 10 from developed countries.
51. Consideration of civil society applicants was handled in the same manner as private sector applicants. Nine civil society candidates passed the first stage. A short list of seven candidates was prepared, three from developing countries and four from developed countries.
52. The Co-Chairs then requested Board members and Alternate Board members of PSAG to review the Secretariat’s list and suggest a list of nominations for the eight private sector representatives and the two CSO representatives, for the Co-Chairs’ review and approval.
53. The Board members and Alternate Board members of PSAG provided the Co-Chairs with their final suggested selection list comprising eight private sector candidates and two civil

society candidates. All nominees, including the CSO self-selection nominees, were accorded due consideration.

54. On 18 February 2014, the Co-Chairs met in person with Board members and Alternate Board members of PSAG. The Co-Chairs noted their appreciation for the efforts of Board members and Alternate Board members of PSAG and indicated that they were ready to approve the list. The Co-Chairs expressed their concern regarding one of the suggested private sector candidates (unrelated to the quality of the candidate) and requested Board members and Alternate Board members of PSAG to further consult among themselves and present a suggestion for a replacement nominee.

55. Consultations were held among Board members and Alternate Board members of PSAG, including via email with a PSAG member not present at the sixth Board meeting, and Board members and Alternate Board members of PSAG informed the Co-Chairs of their suggested private sector replacement nominee.

56. Also, in a letter dated 18 February 2014, the Co-Chairs stated that they “wished to stress that, in the future, proposals for nominations from the representatives of CSOs should receive due consideration.” Board members of the PSAG agreed, noting that this was the process that they followed.

57. In accordance with decision B.05/13, the Co-Chairs approved the full list of PSAG members on 19 February 2014.

58. The Board adopted the following decision:

DECISION B.06/02

The Board:

Appoints the following Board member to the Investment Committee for its first term, in accordance with the Terms of Reference as set out in Annex VII to document GCF/B.05/23:

Mr. Ewen McDonald, Committee member.

Agenda item 6: Administrative policies of the Fund

59. The Co-Chairs introduced the agenda item.

60. The Executive Director introduced document GCF/BM-2014/01 *Administrative Policies of the Fund*. The Secretariat distributed the objection it had received on the proposed decision between meetings and other questions raised by some Board members and the clarifications it provided.

61. The objecting Board member reiterated his objection raising several questions relating to transparency and substance. In order to enhance transparency, he requested the Secretariat to provide lists with numbers so that the Board members know exactly what they are approving. With regards to substance, he wished to know more about the compensation package for staff and if there was room for reviewing it and identifying some benefits that can be dropped out.

62. A Board member emphasized that the Administrative Policies were necessary for the Secretariat to be able to recruit staff.

63. Another Board member echoed the concerns raised about transparency. She also requested that the criteria mentioned in the Administrative Policies relating to the anti-discrimination policy include sexual orientation.

64. A Board member raised the question about whether the Executive Director should be authorized to reallocate funds among budget line items.

65. The Co-Chairs suggested that the objecting Board member meets with the representatives of the Secretariat and other interested Board members to discuss the issues raised in the objection and reports back to the Board.
66. The deliberations on this agenda continued in the closed executive session.
67. Following the end of the closed executive session, the deliberations on this agenda item were resumed.
68. On behalf of Board members who conducted consultations on this matter with the Secretariat (Mr. Per Callesen, Mr. Omar El-Arini and Mr. Kentaro Ogata), Mr. Callesen reported on the outcome of these consultations. He presented to the Board the proposed amendments to the text of the Administrative Policies contained in document GCF/BM-2014/01.
69. The Co-Chair stated: "I want to have recorded (in the report) the other element of the agreement that was reached: record the confirmation given by the Secretariat that when the ranges are applied, the Secretariat will use the lowest end of the range for the determination of the salary at the start." The statement given by the Executive Director, in the closed Executive Session of the Board, indicated that "in the practice of all international organizations, staff would start at the low end of the salary scale, except in instances where they can prove that their current compensation is higher, in which case there is a possibility to offer them more, but not beyond the mid-scale".
70. Board members Mr. Per Callesen, Ms. Ana Fornells de Frutos and Mr. Kentaro Ogata and alternate Board members Ms. Irene Jansen and Ms. Ludovica Soderini remarked that housing subsidies are generally not offered by IFIs in addition to salaries applied at headquarters, but are offered by the ADB in addition to (i) its base salary level, which is comparable to that of the World Bank in Washington DC, and (ii) other benefits, i.e. medical and health benefits, life and disability plans, leave and holidays, benefits for contingent events, retirement benefits, and other benefits for International Staff (relocation assistance, installation allowance, rental allowance, education assistance and education travel, and home country travel and allowance). These members did not support to include housing benefits for GCF headquarters staff, but did, in the context of applying the package of ADB benefits and the broad consensus of the Board, not object to the inclusion.
71. Following the discussion, the Board adopted the following decision:

DECISION B.06/03

The Board, having considered document GCF/BM-2014/01 Administrative Policies of the Fund:

- (a) *Adopts the Administrative Policies of the Fund, as contained in Annex I to this document; and*
- (b) *Approves the Fund's initial staff salary structure for internationally and locally recruited staff effective 1 January 2014, as set out in Annex II to this document.*

Agenda item 7: Travel policy

72. The Co-Chairs introduced the agenda item.
73. A representative of the Secretariat introduced document GCF/B.06/17 *Travel Policy*.
74. Comments were made by some Board members who called for the deletion of the footnote in Annex II, paragraph 6 (a), of the document, referring to the funding eligibility of Board members and Alternate Board members from developing countries. A Board member stated that UNFCCC does not distinguish between developing countries with regard to travel policy. Another Board member stated that the Fund is governed by the UNFCCC COP and that those Board members and Alternate Board members representing regions that receive funding

under the UNFCCC should receive funding by the Fund as well. Several Board members also referred to the Governing Instrument for the Fund that states that all developing countries are eligible for funding. A Board member also referred to difficulties under the proposed system to determine whether Board members and Alternate Board members should be funded, based on the fact that some of them represent several countries. A Board member stated that, because Board members and Alternate Board members rotate, the Travel Policy should not differentiate between individual countries.

75. Several other Board members expressed their preference to retain the footnote and emphasized the importance of allowing for differentiation between countries that need such support and those that do not. A Board member highlighted the special needs of least developed countries (LDCs) and small island developing States (SIDS) in the allocation of the Fund's resources. Several Board members stressed that the Fund's Travel Policy should not be based on that of UNFCCC, as it is not relevant to the Fund, and emphasized that the Fund's Travel Policy should serve its own purpose. Two Board members stated that the travel funding should be perceived as a right, not as an obligation.

76. A Board member stated that Board members and Alternate Board members should not be required to submit receipts because of the costs that the Secretariat would incur to deal with receipts in different languages.

77. A Board member stressed that first class travel should not be included in the Travel Policy. He furthermore stated that all funding provided by the Fund should be published on the Fund's website and suggested that airlines' frequent travel reward programmes should not be used for private purposes. He added that the more money is spent on travel, the less will be available for funding projects and programmes.

78. The Co-Chairs requested four Board members/Alternate Board members (Mr. Omar El-Arini, Mr. Rod Hilton, Ms. Irene Jansen and Mr. George Zedginidze) to conduct consultations on this matter and report back to the Board.

79. Mr. George Zedginidze subsequently presented to the Board the text of a draft decision on the Travel Policy prepared by these Board members/Alternate Board members.

80. Board members raised a number of questions. They sought clarification on whether the annex to the draft decision text was different to the document that had been submitted, on whether the adoption of the Travel Policy would increase costs, and on the first class travel. Some Board members emphasized the need to prepare a more substantial document for the next Board meeting on the implications of adopting the proposed Travel Policy. A Board member inquired about the procedures for its entry into force.

81. Two Board members/Alternate Board members who conducted consultations on this matter responded to the questions raised and also gave a brief overview on why some of the text, including the call for transparency, was being proposed in the draft decision.

82. A representative of the Secretariat also responded by highlighting the changes being proposed in the Annex as compared to the original document and confirming that the entry into force would be immediately following the Board's adoption of the Policy. He also acknowledged that more developing countries would be eligible for funding if the Travel Policy were to be adopted as compared to the status quo, and explained the current practice being followed until such time as the Travel Policy is adopted.

83. The Co-Chairs concluded that, given the number of questions raised, the Board was still not in a position to adopt the Travel Policy.

Agenda item 8: Initial modalities for the operation of the Fund's mitigation and adaptation windows and the Private Sector Facility

84. The Co-Chairs introduced the agenda item.
85. A representative of the Secretariat introduced document GCF/B.06/02 *Initial Modalities for the Operation of the Fund's Mitigation and Adaptation Windows and the Private Sector Facility*.
86. Many Board members commended the approach taken in the document.
87. A Board member noted that the document made numerous cross references to other documents and close coherence with these would be required. He also noted that the investment criteria that would be used to approve proposals would be decided by the Board, following the advice from the Investment Committee. He underlined the need to ensure that these criteria were made public, with full transparency. He furthermore noted that, in those cases where the outcome of the consideration of a funding proposal is its conditional approval, countries would need to have the opportunity to respond.
88. Several Board members indicated that the final document would need to be revised to take account of related decisions to be taken at this and the next Board meeting.
89. A Board member indicated that reference to the Fund only commencing its operations once it has been capitalized is confusing as the Fund is already operational and that this should be revised in any future versions of the document.
90. Several Board members noted that reference to Annex II of the document in the proposed draft decision should be removed.
91. A Board member noted that a key stage in the funding cycle is the feasibility stage, and asked the Secretariat how it fitted into the approach taken in the document. A representative of the Secretariat replied that the feasibility stage was covered in document GCF/B.06/08.
92. A Board member noted that the proposed draft decision made clear that several items remain to be accomplished before capitalization. He also noted that the initial result areas for mitigation were not covered in this document and should be covered in the next version.
93. A Board member noted that he found no clear and exact explanation of modalities for the operation of mitigation and adaptation windows and the PSF in the document. He also expressed his reservation regarding Annex II of the document, and, on this basis, rejected the document.
94. Another Board member stated that he could not find in the document the appropriate reference to country ownership and alignment with country strategies, and believed the role of the national designated authorities (NDAs) was more complex than outlined in document. He also indicated the role of implementing entities had been misunderstood as the document allowed for the possibility that they would be identifying projects that were not priorities for countries. However, he also noted that these are only the initial modalities, and must evolve over time.
95. The Co-Chairs confirmed that a new version of the document would be submitted to the Board, which would include initial results areas for mitigation.
96. A Board member noted that, overall, there was not enough reference to country ownership in the document. He stated that the proposed new version of the document should put greater emphasis on country ownership.
97. Another Board member stated that the new version of the document should not be presented in the same way. It would need to refer to the adaptation and mitigation windows

and the PSF. He also asked whether there would be different eligibility criteria for adaptation and mitigation, and, if so, whether this would be included in the new version.

98. A Board member stressed that approval criteria would need to be public and transparent; that countries need to be informed for reasons for approval or rejection of funding proposals; and that measurement of results should be restricted to those results that can be assessed within a reasonable timeframe.

99. The Executive Director explained that the Secretariat was guided by the Governing Instrument, as well as the prior decisions taken by the Board, in the preparation of this document, and that it represented an attempt to present a systematic overview of different aspects of the initial modalities by which the Fund would operate.

100. The Co-Chairs emphasized that the new version of the document will take into account the comments made by Board members at this meeting and will be submitted to the Board for its consideration at its seventh meeting.

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

DECISION B.06/04

The Board, having considered document GCF/B.06/02 Initial Modalities for the Operation of the Fund's Mitigation and Adaptation Windows and the Private Sector Facility:

- a) *Notes that the initial modalities for the operation of the Fund's mitigation and adaptation windows and the Private Sector Facility are under discussion by the Board according to the items as set out in document GCF/B.06/02. In addition, modalities for the operation of the Fund's Private Sector Facility will be developed based on the recommendations of the Private Sector Advisory Group;*
- b) *Decides that a conclusion on the initial modalities of the Fund can only be reached at the end of the May 2014 Board meeting, once the Board has completed its deliberations on the different elements that constitute the modalities;*
- c) *Decides that the Board will continue considering the initial modalities for the operation of the Fund's mitigation and adaptation windows and the Private Sector Facility at its May 2014 meeting, based on a revised document, taking into consideration the views expressed during this meeting.*

Agenda item 9: Additional result areas and indicators for adaptation activities

102. The Co-Chairs introduced the agenda item.

103. A representative of the Secretariat introduced document GCF/B.06/03 *Additional Result Areas and Indicators for Adaptation Activities*.

104. Some Board members mentioned that the adaptation indicators should be seen in the context of a broader results management framework and that the proposed core indicators should be more quantifiable and need further refinement to take into account specific project-level indicators.

105. Some Board members mentioned that the document does not fully capture the approach and intended results of the Fund. The proposed country-level indicators were considered too detailed for the Fund to assess effectiveness and efficiency of the Fund and a need to reduce overlaps was stressed. They also stated that countries should select priorities and that those priorities may vary between countries. They also mentioned that the adaptation framework should include measures of increased resilience and strengthened capacity, but not utilize too many sector indicators.

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106. Some Board members stated that result areas should encourage partnerships and involve CSOs, while others mentioned that they should include market-based approaches, and take account of the role of the private sector. They stated that the document should draw on lessons of other financial mechanisms.
107. Some Board members proposed inclusion of additional indicators: such as for agriculture, crops that are resilient to climate change, improved access, and indicators on unplanned relocation.
108. It was mentioned by some Board members that baseline studies need to be put in place to see which countries can comply and that many sectors cannot deal with all the complex issues. It was emphasized that a component of any investment project should also seek to better measure baselines and that the Fund should fund countries to undertake information-gathering activities.
109. A Board member stated that national circumstances should be respected, as well as efforts to increase the transfer of technology.
110. A Board member stated that proposed performance indicators are not linked to those already adopted, as they are lower-level indicators, and dilute a standardized approach.
111. Several Board members proposed to move to outcome-based approach rather than sector- or activity-level.
112. A Board member stated that performance indicators should be more objective: the notion of perception of beneficiaries should come through and, instead of using a number, such as number of food secure households, a percentage could be used.
113. A Board member stated that the document should be more realistic in approaching how to measure impact of projects and programmes, and questioned how, for instance “Quality of regulatory environment put in place by the government to enable civil society and private sector adaptive interventions” can be measured, as well as the cost and time involved.
114. Some Board members stated that many LDCs face specific challenges for monitoring and evaluation, and that the application of indicators should reflect their capacity constraints. Readiness and capacity-building activities should take this problem into account.
115. The PSO active observer from CMIA emphasized that the Fund should take an innovative approach in order to be able to mobilize other sources of capital and commended the examples of risk sharing and transfer, such as risk facilities (CRRIF), micro-credit, risk pooling, in the document.
116. The CSO active observer from the Action Aid International stated that adaptation is about the affected population, so they need to be at the centre. He offered four suggestions to improve indicators:
- (a) The indicator on population, health and well-being should be moved to the overarching section,
 - (b) Ecosystem-based adaptation is not only about protecting ecosystems and should be reflected in performance indicators,
 - (c) Climate resilient indicators should focus on utility to the population, rather than replacement value; and
 - (d) Indicator on relocation of infrastructure should be removed.
117. A representative of the Secretariat stated that, in the revised document, the number of result areas will be reduced, and that performance indicators, including the cross-cutting indicators, will be reviewed. The Secretariat will also further review the lessons learned from other climate change funds.
118. Following the discussion, the Board adopted the following decision:

DECISION B.06/05

The Board, having considered document GCF/B.06/03 Additional Result Areas and Indicators for Adaptation Activities:

Requests the Secretariat to further develop the proposals for adaptation result areas and indicators in conjunction with the Fund's results management framework, taking into account the comments made by the Board.

Agenda item 10: Initial results management framework of the Fund (Progress Report)

119. The Co-Chairs introduced the agenda item.
120. A representative of the Secretariat introduced document GCF/B.06/04 *Initial Results Management Framework of the Fund (Progress Report)*.
121. Several Board members commented on the overall objective and application of the Fund's initial results management framework. Some Board members stated that the proposed results management framework, which is a "menu of options" from which the project proponent would make their selection, was too complex and detailed. They suggested to reduce the number of result areas, simplify the framework and reduce the overlap in different result areas, as well as to take into account the capacities of countries to meet the requirements of establishing a baseline and monitoring progress.
122. Some Board mentioned that the Fund should measure its results at all levels on a regular basis and integrate lessons learned from other funds, such as the Climate Investment Funds (CIF) and the Global Environment Facility (GEF).
123. Some Board members pointed to the fact that while the performance measurement framework is an important tool for results-based allocation, it cannot, by itself, provide the basis for allocation decisions.
124. Some Board members stated that the link to countries' climate change strategies and plans is missing and should be highlighted and re-enforced. This could include nationally appropriate mitigation actions (NAMAs), national adaptation programmes of actions (NAPAs), national adaptation plans (NAPs), or other relevant national plans. It was also proposed that national and sector-wide indicators should be removed, because they are irrelevant to the objectives of the Fund. A Board member mentioned that, based on the decision of the fifth Board meeting, countries do not have to report at this level, but can do so if they wish.
125. Some Board members also supported the notion that certain parameters, such as human well-being, should be elevated, as they are central to all adaptation activities. In this context, it was suggested that indicators should be outcome-oriented. Some Board members stated that the document should add a dimension of transformational ambition and policy dimension and move away from being project-oriented.
126. Some Board members pointed to the fact that the burden of data collection is very heavy and the recipient countries do not have the capacity to collect the required data, and that the Fund may need to finance activities to measure and collect information in a dynamic learning environment.
127. A Board member stated that, because no agreement on agricultural mitigation has been reached in UNFCCC negotiations, the mitigation results management framework should not include them. A Board member stated that the document failed to consider important aspects of REDD+, including the package of REDD+ decisions taken at COP 19, and the topic of ex post payments in REDD+.
128. Some Board members pointed to the link with document GFC/B.06/03, which adds to, and extends, the number of adaptation result areas and performance indicators.

129. The CSO active observer from the Third World Network stated that focus on cost-effectiveness is biased in favour of large-scale mitigation projects and would exclude smaller-scale mitigation projects. She stressed that there is a need for qualitative measures and “participatory monitoring”, as stated in the Governing Instrument, rather than just greenhouse gas calculations and cost-benefit analyses. She added that the volume of direct financing leverage is not an indicator of paradigm shift and is instead a means to an end. Finally, she stated that there is a lack of coherence with UNFCCC work in this area.

Agenda item 11: Policies and procedures for the initial allocation of Fund resources

130. The Co-Chairs introduced the agenda item.

131. A representative of the Secretariat introduced document GCF/B.06/05 *Policies and Procedures for the Initial Allocation of Fund Resources*.

132. Several Board members stated that rigid allocation targets should be avoided, and that regular revisions will be needed over time. A Board member stated there is a complex set of objectives, including reducing global emissions, helping countries to adapt to climate change, being transformative and ensuring an appropriate role for the private sector, and that, therefore, flexibility is needed.

133. Some Board members noted that, since the overall size of the Fund is not yet known, it is premature to talk about percentage allocations. A Board member stated that numerical targets are not helpful at this stage, and that the provisions of the Governing Instrument are sufficient.

134. A Board member stated that allocation goes hand in hand with other operational decisions. Targets should be aspirational, and outcomes will be driven by deal flow. Since the Board will approve each project, it will have the ability to control the allocation of funding.

135. A Board member stated that a scientific allocation formula based on needs would be appropriate, with a preference to introduce a third tier for individual country allocations.

136. A Board member stated that the Fund should have a business plan, based on available resources, and that disbursements should be based on actual needs, and that the Fund should have a ‘clearing house’ function to assist in the assessment and compilation of country needs. The same Board member stated that (relating to the second tier of the allocation process) project eligibility criteria need to be approved this year.

137. Several Board members explicitly supported the attainment of a balanced allocation between mitigation and adaptation, as already specified in the Governing Instrument. Some Board members questioned how long it might take to achieve a balanced allocation.

138. Many Board members emphasized that a 10 per cent floor of adaptation share to particularly vulnerable countries is not enough. Two Board members supported a floor for particularly vulnerable countries that increases over time. A Board member stated that an adaptation allocation floor of 35 per cent to particularly vulnerable countries is appropriate. Another Board member stated that just “aiming” for a floor is not the same as actually having a floor. Other ideas expressed by Board members included floors for sub-groups of vulnerable countries and well as floors for individual countries. Two Board members noted that vulnerable countries also need mitigation, for example, deforestation to make charcoal could be replaced by solar systems. As the discussions progressed, a clear convergence emerged on aiming for a floor of 50 per cent of the adaptation allocation for particularly vulnerable countries, including LDCs, SIDS and African States.

139. Some Board members stated that they see no need for a single country limit. Arguments made by Board members against a single country limit included that it might result in locking-in and under-utilizing the Fund’s resources, that there should be a recognition of the actual global

mitigation needs and their concentration in certain industrialized countries, and that the Fund should target its support towards the most cost-effective projects. A Board member indicated the need to promote competition between good projects for the use of the Fund's resources. Another Board member emphasized the need to capitalize the Fund and get good projects moving. A Board member objected to a single country limit on the basis that the Fund is not a bank and that the implied notion of country-based risk exposure limits is misguided.

140. On the other hand, some Board members emphasized the need to avoid excessive country concentration, as occurred, for example, with the Clean Development Mechanism (CDM), and indicated that a single country limit is appropriate. A Board member explicitly stated that the 5 per cent single country limit should be retained, with the suggestion that this limit could be exceeded in the case of particularly "transformational" impacts. It was noted by a Board member that 5 per cent can be a lot on a grant-equivalent basis. Low-income countries should not have to compete unfairly with more advanced countries. Other Board members suggested an indicative single country limit, and a "trigger" rather than a rigid single country limit. Another Board member stated that avoidance of geographic concentration is crucial for a fund that is balanced, equitable and fair. A Board member stated that the test for transformation (in allocation) is not to add more to those who have much, but rather to provide for those who have too little.

141. The need to manage access to resources with a view to seeking geographic balance and a reasonable and fair allocation across a broad range of countries, while maximizing the scale and transformational impact of the mitigation and adaptation activities of the Fund, was stressed by many Board members. The idea of a review was also put forward, including of concentration risks, subject to the size of the Fund, no later than two years from the start of allocation of resources.

142. Some Board members argued against a numerical limit for the PSF. A Board member stated that she sees the PSF modality as a true paradigm shift, and that, if limits are retained, 50 per cent would be more appropriate than 20 per cent. A Board member stated that private sector engagement is essential to achieve the Fund's objectives in the most cost-effective manner, and that the PSF is a good bridge between ambitious targets and existing mechanisms, and a way for the Fund to add value to existing mechanisms. Two Board members stated that a 20 per cent allocation to the PSF can in fact be a lot, since the percentage is expressed on a grant-equivalent basis. A Board member stated that the scope and means of operation of the PSF are poorly defined at present, and that it would be better to look at the allocation for the PSF once its modalities are decided. The same Board member stated that private finance is not a substitute for public finance under UNFCCC, and that public funds can do many things that private funds cannot.

143. A Board member stated that a certain amount of funding needs to be set aside for country programme preparation, including development of templates.

144. A Board member suggested a cap of 10 per cent for readiness and preparatory support, with the other 90 per cent being equally distributed for mitigation and adaptation.

145. The PSO active observer from CMIA stated that the private sector can bring scale as well as innovation, and may need help with reducing project risk and lowering the cost of capital. For example, a US\$ 30 million Overseas Private Investment Corporation (OPIC) partial risk guarantee ("derisking") allowed a US\$ 360 million private (debt) placement to go ahead for a solar project in Peru. Paradigm shift includes leveraging additional finance from the private sector. The Climate Investment Funds (CIF) have succeeded in leveraging 7.8 times their own funding base from the public sector and the private sector, mobilizing US\$ 55 billion.

146. The CSO active observer from the Action Aid International stated that it was difficult to discuss allocation at this point, given that it is not yet clear what the size of the Fund will be. He suggested that the 10 per cent allocation for particularly vulnerable countries needs to be

increased. He proposed that the 30-50 per cent shorter-term target should be replaced by a medium-term 50/50 target, and that the target for the PSF should be deleted.

147. The Co-Chairs requested four Board members/Alternate Board members (Mr. Rod Hilton, Mr. Patrick McCaskie, Mr. Josceline Wheatley and Mr. Ziqian Liang) to consult on the matter with a view of proposing a revised draft decision. Mr. Wheatley and Mr. Liang subsequently reported on the outcome of their consultations and proposed a draft decision text for the consideration by the Board.

148. Board member Mr. Zaheer Fakir requested that the following statement he made be recorded in the report of the meeting: "For our constituency, our preference for a reasonable and fair country allocation system requires the consideration of a flexible country cap, that will ensure that excessive concentration of resources is avoided, that a balanced distribution of resources is guaranteed, and that all countries will have equal opportunities for accessing the resources of the Fund, while allowing for transformational projects to be considered on an exceptional basis under the flexibility allowed. The allocation system which we introduce must be reflective and in the spirit of, as well as be within the ethos, intention and objective of this Fund, as captured in the Governing Instrument for the Fund." He added that he does not agree with the text of the decision, but will not object to its adoption.

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

DECISION B.06/06

The Board, having reviewed document GCF/B.06/05 Policies and Procedures for the Initial Allocation of Fund Resources,

- (a) *Adopts the following initial parameters and guidelines for allocation of resources, during the initial phase of the Fund:*
- (i) *Decision to aim for a 50:50 balance between mitigation and adaptation over time;*
 - (ii) *Decision to aim for a floor of fifty per cent of the adaptation allocation for particularly vulnerable countries, including least developed countries (LDCs), small island developing States (SIDS) and African States;*
 - (iii) *Decision to manage access to resources with a view to seeking geographic balance and a reasonable and fair allocation across a broad range of countries, while maximizing the scale and transformational impact of the mitigation and adaptation activities of the Fund;*
 - (iv) *Decision to maximize engagement with the private sector, including through a significant allocation to the Private Sector Facility;*
 - (v) *Decision that sufficient resources should be provided for readiness and preparatory support;*
 - (vi) *Decision that all allocation parameters should be determined in grant equivalents;*
- (b) *Requests the Secretariat to report annually on the status of resources in respect of the allocation parameters;*
- (c) *Decides to undertake a review of the initial allocation parameters and guidelines, including of concentration risks, subject to the size of the Fund, no later than two years from the start of allocation of resources.*

Agenda item 12: Options for a Fund-wide gender-sensitive approach

150. The Co-Chairs introduced the agenda item.

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151. A representative of the Secretariat introduced document GCF/B.06/13 *Options for a Fund-wide Gender-sensitive Approach*.
152. Several Board members commended the Secretariat for a high quality document and considered it an important step forward for the Fund. It was mentioned that the gender-sensitive approach could be one of the defining characteristics of the Fund, that mainstreaming with the results management framework is very important, and that gender issues are not an add-on component.
153. Some Board members emphasized that the document is not ambitious enough and should attempt to go further. Several Board members mentioned that the document's statements on the accreditation of implementing entities are too weak.
154. Several Board members proposed the Secretariat to recruit a gender expert.
155. It was also mentioned by Board members that additional sex-disaggregated data should be collected under the results management framework to achieve clear gender-sensitive results and indicators, that stakeholder engagement and gender considerations should be included in the country ownership discussions, and that the issues concerning women's participation also need to be addressed in enhanced direct access.
156. A Board member linked gender issues to poverty alleviation and recommended to develop gender strategies at the local level too. Another Board member stressed the need for the Fund's gender policy to draw on best practices of other funds.
157. Several Board members mentioned that there is a need for a clear policy guidance on mainstreaming gender sensitivity to the results framework, environmental and social safeguards, and capacity building, and that the Fund needs to improve institutional practices, including training for staff, and have a balanced gender representation in its management.
158. A Board member requested the Secretariat to prepare a gender policy statement and action plan, rather than a document revision. Several Board members stressed the need for consultations with stakeholders.
159. Several Board members expressed their concern with the proposed timeline to prepare a document for consideration by the Board at its eighth meeting and stated that they would prefer it to be prepared for the seventh Board meeting.
160. The Co-Chairs pointed to scheduling constraints for the Secretariat for the seventh Board meeting and the need for the Board to decide on the essential requirements for resource mobilization.
161. The Executive Director reiterated the scheduling and capacity constraints of the Secretariat to prepare documents for another agenda item for the seventh Board meeting and proposed to postpone the item on alternative sources of funding, scheduled to be discussed at the seventh Board meeting. She also expressed her concern that the time for consultations with stakeholders would be very short.
162. The CSO active observer from the Third World Network welcomed the involvement of gender experts in the preparation of the document and stated that the Fund should draw on lessons learned from the experiences of affected women. She added that the Fund's mandate on gender issues applies not just to a few selected policy areas or operational modalities, but means a shift in the way the Fund will do business, and that a future Fund's gender policy cannot be a "track" or "option" of Fund activities. She emphasized that, in order for such an approach to be successful, sufficient resources need to be provided at the Fund level and gender allocations incorporated in the budgets of projects and programmes. She added that it was key to mainstream gender considerations into the decisions on resource mobilization, taking into account that the gender-sensitive approach of the Fund needs to be implemented in the context of enhanced country ownership principle. Finally, she stated that the Secretariat should engage

with developing countries' representatives in the consultative process and ensure that relevant institutions are involved, especially women's organizations.

163. The PSO active observer from WBCSD commended the efforts made by the Secretariat and emphasized that the approach should be comprehensive, and that gender issues need to be integrated early into the Fund's work. She reiterated the experience of women who are very successful as entrepreneurs.

164. Alternate Board member Ms. Irene Jansen circulated a proposed draft decision on this topic that was also supported by Board member H.E. Mr. Jan Cedergren and Alternate Board members Mr. Rod Hilton and Mr. Josceline Wheatley.

165. The Co-Chairs consulted on the proposal and subsequently presented a draft decision for consideration by the Board.

166. Several Board members stressed that the stakeholder consultations proposed in the draft decision need to involve the affected population, in particular in developing countries.

167. Some Board members stated that the principle of country ownership needs to be respected and consistency with country strategies and plans ensured.

168. A Board member warned about not giving sufficient guidance to the Secretariat on how to integrate gender issues in the documents to be prepared for the seventh Board meeting.

169. The Co-Chairs stated that the guidance is provided in the Governing Instrument.

170. The Executive Director reiterated the constraints of the Secretariat in producing both the gender policy and action plan for the seventh Board meeting.

171. The CSO active observer from the Third World Network stated that there is a need to involve not only CSO observer organizations in the consultations but also other CSOs.

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

DECISION B.06/07

The Board, having considered document GCF/B.06/13 Options for a Fund-wide Gender-sensitive Approach:

- (a) *Requests the Secretariat to integrate gender considerations in the preparation of draft policy documents and draft documents containing operational modalities, in line with the Governing Instrument, including those documents for consideration by the Board at its seventh meeting;*
- (b) *Requests the Secretariat to prepare a draft gender policy and action plan for discussion at the seventh Board meeting, consistent with a country-driven approach, including through consultations with relevant bodies and observer organizations, for adoption at the eighth Board meeting.*

Agenda item 13: Terms of reference of the Independent Evaluation Unit, the Independent Integrity Unit, and the independent redress mechanism

173. The Co-Chairs introduced the agenda item.

174. A representative of the Secretariat introduced document GCF/B.06/13 *Terms of Reference of the Independent Evaluation Unit, the Independent Integrity Unit, and the Independent Redress Mechanism*.

175. The Chair of the Ethics and Audit Committee, Mr. Korolec, informed the Board on the status of the Committee's discussions on the terms of reference of the Independent Integrity Unit and the independent redress mechanism.
176. The Co-Chairs accepted the proposal of two Board members who requested to postpone the consideration of the agenda item until the Ethics and Audit Committee had formulated its recommendations.
177. When the consideration of this agenda item was resumed, the Board was presented two draft decisions for adoption.
178. Board member Mr. Omar El-Arini, on behalf of the Ethics and Audit Committee, reported that the Committee agreed on the text of the terms of reference of the Independent Integrity Unit and the independent redress mechanism.
179. A representative of the Secretariat presented the changes introduced by the Ethics and Audit Committee, compared to the version presented in the document.
180. The CSO active observer from the Third World Network provided comments on the terms of reference of the independent redress mechanism. She stated her concern that the scope of the mechanism is too limited, that best practices of other mechanisms should be drawn upon, and that any individual, group or community that has been or may be adversely affected by a Fund-financed activity should be eligible to file a complaint, regardless of whether Fund rules and procedures have been adequately implemented. In addition, she stated that stakeholders should be provided with opportunities to provide input in the development of the mechanism's operational policies and procedures through a consultative process.
181. Alternate Board member Mr. Josceline Wheatley requested that the following statement he made be included in the report of the meeting: "The terms of the reference of the Independent Evaluation Unit did not cover a number of matters adequately, and that they should be covered in the operational procedures to be developed by the Independent Evaluation Unit for Board consideration at its eighth meeting. They are related to timing and frequency of evaluations; methods/standards and size/scope of evaluations; and division of roles and responsibilities between implementing entities, intermediaries, the Independent Evaluation Unit and the Secretariat."
182. Following the discussion, the Board adopted the following decisions:

DECISION B.06/08

The Board:

Requests the Secretariat to present to the seventh Board meeting a proposal, with draft terms of reference, to establish a Board committee to assist the Board in the appointments, performance reviews, salary decisions and accountability of the Head of the Independent Evaluation Unit, the Head of the Independent Integrity Unit and the Head of the Independent Redress Mechanism Unit as well as the Executive Director.

DECISION B.06/09

The Board, having reviewed document GCF/B.06/06 Terms of Reference of the Independent Evaluation Unit, the Independent Integrity Unit, and the Independent Redress Mechanism:

- (a) *Adopts the terms of reference of the Independent Evaluation Unit, as set out in Annex III to this document;*
- (b) *Adopts the terms of reference of the Independent Integrity Unit, as set out in Annex IV to this document;*

- (c) *Adopts the terms of reference of the independent redress mechanism, as set out in Annex V to this document.*

Agenda item 14: Country ownership, including: No-objection procedure; Best practices for the establishment and composition of National Designated Authorities and focal points; and Best-practice options for country coordination and multi-stakeholder engagement

183. The Co-Chairs introduced the agenda item.
184. A representative of the Secretariat introduced document GCF/B.06/07 *Country Ownership*.
185. Several Board members stated that the document, through a proposal for a no-objection procedure and best-practice guidelines for the establishment of NDAs and focal points, provided a basis for discussion on country ownership and stressed the importance of balancing efficient processes with robust guidelines.
186. Many Board members expressed their view that country ownership should not be reduced to a no-objection procedure, but rather also promote bottom-up approaches, along with top-down.
187. A Board member stated that the no-objection procedure should reflect practical realities in countries, and support the Fund's vision to move towards a programmatic approach.
188. A Board member suggested that planning and finance departments also be included within the no-objection procedure.
189. Several Board members highlighted the case of regional projects, suggesting that a funding proposal cannot begin implementation without no-objection from all countries.
190. There were several differences of opinion with respect to the tacit no-objection, with several Board members expressing their concern that various country circumstances would not be conducive to a time-lapse procedure, and that silence does not equate with consent.
191. Several Board members had divergent opinions also on the issue of the involvement of PSAG and the possibility of distinguishing public and private sector no-objection procedures.
192. A Board member highlighted the importance of active communication of no-objection procedures and guidelines, and suggested that they should be included within activities supported by the readiness programme.
193. A Board member suggested that the options for stakeholder consultations should be strengthened into prescriptive guidelines. Some Board members also suggested that the specificities and competencies of NDAs should be further formalized.
194. The CSO active observer from the Action Aid International emphasized the importance of comprehensive stakeholder consultation within the entire cycle of the Fund's operations, particularly with respect to the involvement of communities within the no-objection procedure. He also expressed his concern about the tacit approval clause within the no-objection procedure.
195. The PSO active observer from WBCSD provided her views on the no-objection procedure, specifically on the need to have more clarity on transparency within the no-objection procedure and rationale behind decisions taken. She also suggested a two-step procedure to afford greater security to the private sector to invest time and resources in developing proposals.

196. The Executive Director stated that the Secretariat prepared a draft letter to all developing countries that executes the Board decision from its fourth meeting and that the Secretariat is expecting further guidance on country ownership and readiness from the Board before sending the letter to these countries asking them to nominate their NDA or focal point, which should preferably be provided at this meeting.

197. The Co-Chairs requested Board members/Alternate Board members Mr. Dipak Dasgupta, Mr. Omar El-Arini, Mr. Anton Hilber and Mr. Alexander Severens to undertake deliberations on this agenda item and report back to the Board. Following their deliberations, Mr. El-Arini reported that, despite constructive discussions, it was not possible to complete the work on this matter.

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

DECISION B.06/10

The Board, having considered document GCF/B.06/07 Country Ownership:

Requests Board members/Alternate Board members Mr. Dipak Dasgupta, Mr. Omar El-Arini, Mr. Anton Hilber and Mr. Alexander Severens to continue undertaking their deliberations on country ownership and to report back to the Board at its seventh meeting with a proposal for decision.

Agenda item 15: Additional modalities that further enhance direct access, including through funding entities

199. The Co-Chairs introduced the agenda item.

200. The Co-Chairs reminded that, at its fifth meeting, the Board requested a team of four Board members (Mr. Arnaud Buisse, H.E. Mr. Jan Cedergren, Mr. David Kaluba and Mr. Patrick McCaskie (replacing Mr. Derek Gibbs)) 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.

201. H.E. Mr. Cedergren, Chair of the Board's team on accreditation, reported on the team's work. He informed that the team met four times, and once with CSOs. He added that the work is in progress and is expected to be concluded by the seventh Board meeting, at which time the revised documents on additional modalities that further enhance direct access, including through funding entities, as well as on the guiding framework and procedures for accrediting national, regional and international implementing entities and intermediaries, including the Fund's fiduciary principles and standards and environmental and social safeguards, will be submitted to the Board, together with draft decisions.

202. A Board member emphasized the need to take account of the experience of other funds, such as the Adaptation Fund and GEF, in this field. She also stressed the linkage of enhanced direct access with accreditation of implementing entities and intermediaries. She added that budget support can be a very powerful tool, but it requires strong safeguards and oversight by the Secretariat. Finally, she expressed her reservation about distinguishing public intermediaries from intermediaries in general.

203. A Board member suggested that the documents to be prepared for the seventh meeting should put more emphasis on the operational aspects of direct access. He added that it is important for the Fund to be in position to scale up, devolve and de-centralize operations.

204. A Board member expressed the need for a clearer understanding of the added value of enhanced direct access as compared with standard direct access. He also referred to the proposed use of national budgets, which should have different safeguards and standards.
205. A Board member proposed that the forthcoming documents should elaborate on how enhanced direct access can be achieved by ensuring well-designed and managed programmatic and policy approaches.
206. A Board member appealed for a step-by-step and simplified approach to direct access.
207. The CSO active observer from the Third World Network expressed her view that the emphasis of documents should be on country ownership and enhancing direct access, rather than on defining terminology. She stated that documents should discuss countries' constraints in accessing funding but also limitations and biases built into the existing climate finance architecture that makes it difficult for countries to access resources directly, and propose actions and modalities for improving current practices. She suggested to build on the experience of the Adaptation Fund to make sure institutions within developing countries are able to be accredited as implementing entities and intermediaries, but also going beyond what the Adaptation Fund has been able to do to allow for programmatic approaches and true country ownership, which implies greater decision-making power for countries, the use of country systems, and broader democratic ownership over the Fund's activities.
208. The PSO active observer from WBCSD noted that it was important for intermediaries to be able to intermediate funding across a broad range of instruments, and added that implementing entities should also be allowed to administer funds.
209. The Co-Chairs requested the team and the Secretariat to take the views expressed by Board members and active observers into account while preparing the documents for the seventh Board meeting.

Agenda item 16: Progress reports on other essential requirements for the initial resource mobilization

- A. Initial proposal approval process, including the criteria for programme and project funding
- B. Guiding framework and procedures for accrediting national, regional and international implementing entities and intermediaries, including the Fund's fiduciary principles and standards and environmental and social safeguards
- C. Fund's financial risk management and investment frameworks
- D. Structure of the Fund, including the structure of the Private Sector Facility

210. The Co-Chairs introduced the agenda item.
211. The Co-Chairs presented to the Board the summary they prepared, with support of the Secretariat, of the informal Board meeting on these topics that took place on 18 February 2014.
212. One Board member commented on the process undertaken with progress reports and the informal Board meeting. He noted that, in the past, the Co-Chairs attempted to obtain convergence among Board members during the informal meeting before proceeding to a formal Board discussion. The Board member expressed concern about the Co-Chairs' summary being distributed at the formal meeting and not before. He questioned how guidance could be provided to the Secretariat if it does not take the form of a decision.
213. Several Board members requested that they be given the opportunity to provide written responses and comments on the progress reports to the Secretariat, to allow the Secretariat to

make suitable revisions in the final document and enhance the probability of approval at the seventh Board meeting.

214. One Board member suggested that the initial approval process should consider the approval processes of other funds, such as GEF and the Adaptation Fund, adding that the proposed initial approval process, as outlined in the progress report, would increase the burden on the Secretariat.

215. One Board member noted that, when designing the investment framework, all developing countries should be fully consulted, noting that, while the Fund provides special attention to SIDS, LDCs and African States, its purpose is to support all developing countries equally. He stated that he cannot accept country categories within the Fund's funding objectives, as mentioned in the document. Moreover, he objected to a single country limit.

216. A Board member noted that the document relating to the structure of the Fund made no mention of mitigation and adaptation windows, and told little about the PSF, although these are referenced in the Governing Instrument. He also noted that the document made no mention of the relationship between Fund and other funds, nor did it seek to propose how to utilize existing thematic bodies under the Convention that have considerable expertise.

217. A Board member considered the establishment of the Secretariat's Decision Working Group premature.

218. A Board member noted that, concerning the proposal for delegated or streamlined approval process, the Board had not decided to delegate any of its authority to the Secretariat. He stated that he believed such delegation would come with time, but he was not in favor of taking such a decision at this time.

219. Another Board member noted that he had no objection to the progress report on the structure of the Fund, but that he felt the structure must be kept flexible to adapt to changing circumstances. He noted also that the processes and mechanisms of the Fund should be elaborated with a view to ensuring efficiency of the Fund.

Agenda item 17: Detailed programme of work on readiness and preparatory support

220. The Co-Chairs introduced the agenda item.

221. The Executive Director introduced document GCF/B.06/14 *Detailed Programme of Work on Readiness and Preparatory Support*.

222. Several Board members thanked the Governments of Germany and the Republic of Korea for their financial contributions aimed at supporting the readiness and preparatory support activities.

223. A Board member stated that readiness and preparatory support will be the Secretariat's first operational activity, and thus need particular attention, adding that US\$ 7.5 million for scoping missions is too much. He suggested that it would be useful to sub-contract one of the United Nations agencies to do the readiness work, given their vast experience in the field. He proposed to focus on 25-30 countries, with good geographic balance.

224. Another Board member concurred that proposed distribution of readiness funds is a concern. He also suggested to tap into local institutions that have experience with readiness work, in order to avoid duplication of work and reduce costs. He stated that the Executive Director should be empowered to start committing readiness funds.

225. A Board member stated that he was not willing to approve start of the work on the basis of the draft decision presented in the document and that the work programme needed to be made in more detail. He suggested the inclusion of a 'clearing house' mechanism. He also

supported the consultations and collaboration with other relevant agencies. However, start-up should not be delayed.

226. A Board member stressed the crucial importance of readiness to particularly vulnerable countries for building capacity and resilience. He stated that the four types of readiness activities are well-defined in the document and recommended that the results management framework be included in the preparation of each project. He proposed that modalities for delivering the assistance should be more flexible as the centralized approach proposed in the document might rapidly reach its limits. He also emphasized the need to work together with existing initiatives and extend their scope.

227. A Board member stressed that the Fund needs to be make sure that using qualified local consultants does not turn into a preference in future procurement. Procurement needs be competitive, open and international, if the Green Climate Fund Trust Fund money is used.

228. The Executive Director replied that the Fund's procurement guidelines are closely based on those of ADB and will be submitted shortly to the Board for endorsement.

229. A Board member questioned the proposed US\$ 1 million initial amount and considered it high. A representative of the Secretariat replied that it would cover the costs of consultants, travel and capacity building support.

230. A Board member stressed the need to collaborate with other relevant agencies and asked how the Fund will take advantage of existing project pipelines, for example, those of the Climate Investment Funds.

231. A Board member requested the Secretariat to identify capacity-building best practices of multilateral development banks and launch dialogue with developing countries. He stressed the need to have some readiness deliverables on the ground in the second half of 2014. He added that readiness funds should be accounted for separately.

232. A Board member stated that readiness activities should focus on capacity building for NDAs and implementing agencies and on national strategies and that pipeline building was not mandated in the Board's decision taken at its fifth meeting. He emphasized the need to get small and medium enterprises ready to access funds, and the related need for capacity building of financial intermediaries. He added that PSAG should not have a role in designing the PSF part of the readiness programme as this is not in its terms of reference.

233. A Board member stated that he does not agree with separate accounting for readiness activities, as they are a part of the work to be done by the Country Programming Division of the Secretariat.

234. Another Board member supported the idea of the Secretariat acting as a 'clearing house' and that readiness should be integrated within the regular work of the Fund. He added that readiness activities should not prejudge whether a project will be approved or not.

235. A Board member saw a sequencing problem in launching readiness work before the Board has approved the criteria for accreditation of implementing entities. She supported the suggestion to have a more detailed work programme with more detailed budgets.

236. The CSO active observer from the Action Aid International stated that 50 per cent target for preparing project pipelines is too high and that money should be used for other activities, such as capacity building and climate change strategies. He added that the Secretariat should have a more participatory approach to managing the readiness programme.

237. The PSO active observer from WBCSD stated that preparatory support to the private sector should be directed to small and medium enterprises, and that there should be a role for PSAG in this programme because its experts have vast experience. She added that developing pipeline of projects is a valid readiness activity.

238. The Co-Chairs requested Board members Mr. David Kaluba and Mr. Patrick McCaskie to consult on the matter with a view of proposing a revised draft decision. Mr. Kaluba and Mr. McCaskie subsequently reported on the outcome of their consultations and proposed a draft decision text for the consideration by the Board.

239. One Board Member after expressing concern over lack of procurement policy, stated that she could accept the proposal with the understanding that any procurement will be done in accordance with international procurement standards. The Executive Director explained that the Board has approved the Administrative Policies of the Fund which include the policy statement on procurement. She also indicated that procurement will be guided by the ADB practices until the detailed guidelines are approved. The Board Member expressed that she would be comfortable as long as there is a commitment to follow ADB procurement standards, pending the approval of the Fund's own Procurement Guidelines.

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

DECISION B.06/11

The Board, having considered document GCF/B.06/14 Detailed Programme of Work on Readiness and Preparatory Support:

- (a) Takes note of the priority activities for readiness and preparatory support:
- (i) *Establishment of national designated authorities or focal points;*
 - (ii) *Strategic frameworks, including the preparation of country programmes;*
 - (iii) *Selection of intermediaries or implementing entities;*
 - (iv) *Initial pipelines of programme and project proposals;*
- (b) Requests the Secretariat to elaborate a revised detailed programme of work, for consideration by the Board at its seventh meeting, that includes the following:
- (i) *Readiness activities to be undertaken in countries based on requests for support resulting from a consultation with countries and stakeholders;*
 - (ii) *A delivery plan for the implementation of these readiness activities. The delivery plan will be developed in consultation with countries and existing initiatives. It will include a timeline and modalities for implementation;*
 - (iii) *Options for entering into partnerships with existing initiatives, including of sub-national, national, regional and international actors, in order to implement the readiness activities supported by the Fund;*
- (c) Decides from the resources available or to be made available in the Green Climate Fund Trust Fund, the allocation of funds in the amount of US\$ 1 million to the Secretariat for the preparation of a detailed programme of work and authorizes the Interim Trustee to commit and transfer such funds from the Green Climate Fund Trust Fund to the Secretariat, subject to the availability of resources in the Green Climate Fund Trust Fund;
- (d) Requests the Secretariat to seek transparency, complementarity, and coherence amongst existing initiatives, and to establish and maintain an information-sharing platform and dialogue and facilitate South-South exchanges;
- (e) Requests the Secretariat to review the modalities for the delivery of readiness support once the Fund's accreditation and allocation policies are approved, with a view of ensuring consistency with the other established operational modalities of the Fund, for consideration by the Board;

- (f) *Requests the Executive Director to report to the Board twice a year on:*
- (i) *Activities undertaken, including joint activities with existing initiatives;*
 - (ii) *The progress of committing and disbursing available funds.*

Agenda item 18: Financial terms and conditions of grants and concessional loans

241. The Co-Chairs introduced the agenda item.
242. A representative of the Secretariat introduced document GCF/B.06/16 *Financial Terms and Conditions of Grants and Concessional Loans*.
243. A Board member stated that 80 per cent of funds should be in the form of grants for the first five years. For loans to the public sector, terms should be no less favourable than any other form of concessional financing. Loans to the private sector should be no more favourable than market terms. In the case that the terms for the private sector need to be more favourable than market, a good justification should be provided for departing from market terms.
244. Several Board members stated that the document was not ready for decision. Notably, it did not mention how funds would be blended with other sources of finance, in particular those coming from intermediaries. The document should take into account the guiding principles decided at the fifth Board meeting. A Board member indicated that he believed that terms could not be finalized or standardized at this point as they will depend on the terms of incoming funds as well as the terms of financial intermediaries. He was therefore not ready to agree to these terms for the Fund at this time.
245. A Board member stated that there remained significant uncertainties concerning the Fund at this time. In order to determine the terms and conditions for the Fund's financing, many elements would need to be decided upon first, such as whether the Fund would be able to borrow from capital markets. Therefore, following Article 11 of UNFCCC, funding should be in the form of grants or concessional financing.
246. Another Board member indicated that he did not support the terms and conditions for funding that were close to commercial rates, and therefore could not accept funding at moderately concessional rates. He also noted that, in his view, the maturity and grace period proposed for moderately concessional financing was short, would be less attractive for recipient countries and create a burden for them. Maturities should therefore be extended and interest rates should be deeply concessional.
247. A Board member suggested that the Secretariat might need to develop country rankings to enable terms and conditions to be adjusted by country. Another Board member noted that the need to provide country- and project-specific funding would imply different levels of concessionality, and that it was not clear how the terms and conditions would be applied in this case. Finally, he stated that, while he endorsed the Fund's support to vulnerable countries, he could not accept the differentiation of terms and conditions according to country.
248. Another Board member noted the document was in line with what had been decided previously by the Board. The document raised some important questions noted by other Board members, notably, how to decide on the degree of concessionality to be accorded to different countries. He noted that it was not clear on what basis and under what guidelines blended terms would be made. As concerns moderately concessional loans, he noted that he saw no problems in having less concessional terms.
249. A Board member mentioned that the Fund should go beyond grants and concessional loans to deploy other financial instruments.
250. Another Board member indicated that he believed that funding should be limited to grants and to deeply concessional terms only. Terms and conditions should be in line with those

of the Climate Technology Fund (CTF). Financing for adaptation should be only in the form of full grants, not loans. Moreover, he did not support the concept of moderately concessional loans, particularly with regard to the use of benchmarks, which would render financing extremely expensive. He noted that he concurred that additional financing flows could be added from intermediaries, but their terms should be no higher than those charged by the Fund.

251. A Board member noted that, in the case of corruption or fraud, funds should be reimbursed by those responsible for the corruption and not by citizens of countries.

252. Another Board member noted that the document related to a commercial bank rather than a fund, and he had difficulties with the terms and conditions as outlined in the document. In his view, the terms and conditions as outlined in the document would not make direct access modality attainable for the vast majority of developing countries and would instead inhibit direct access. He wished to see terms and conditions more akin to a fund like GEF, rather than a bank.

253. A Board member underlined that, in order to decide on the outputs of the Fund, the Board would have to decide what inputs could be accepted for the Fund. Notably, if the decision is taken to accept concessional loans, there is a link between inputs and outputs.

254. Several Board members mentioned that the issues relating to local currency lending needed to be worked out further because of the risks they pose to the Fund.

255. Several Board members mentioned that local currency lending would need to be seen in the context of the risk management framework and suggested that the Risk Management Committee and the Investment Committee should be involved and provide their input for the preparation of the next version of the document to ensure coherence.

256. The CSO active observer from the Third World Network added that the text in the document on Fund policies for country indebtedness should be included in the decision. She noted that the International Monetary Fund (IMF) should have no role in determining country indebtedness.

257. The Co-Chairs noted that there was insufficient convergence on this agenda item. They requested the Secretariat to produce a revised document for consideration at the seventh Board meeting.

258. The Executive Director noted that the decision would need to reflect that the Secretariat would need to work with the Investment Committee and Risk Management Committee to prepare the document, as it would have a bearing on the investment framework and the financial risk management framework.

259. The Co-Chairs noted that Board committees advise the Board, not the Secretariat, and this was a task that is given to the Secretariat.

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

DECISION B.06/12

The Board, having considered document GCF/B.06/16 Financial Terms and Conditions of Grants and Concessional Loans:

Requests the Secretariat to revise document GCF/B.06/16 for the seventh Board meeting, taking into account the ongoing work on the financial risk management and investment frameworks.

Agenda item 19: Status of resources

261. The Co-Chairs introduced the agenda item.

262. A representative of the Secretariat introduced document GCF/B.06/Inf.03 *Status of Resources*, which should be read in conjunction with document GCF/B.06/Inf.04 *Green Climate Fund Trust Fund Financial Report - Status as at 31 December 2013*.
263. Alternate Board member Ms. Ludovica Soderini informed the Board of the contribution of Italy of EUR 500,000 to the Green Climate Fund Trust Fund. Board member Mr. George Zedginidze, on behalf of alternate Board member Mr. Irfa Ampri, informed the Board of the contribution of Indonesia to the Green Climate Fund Trust Fund amounting to US\$ 250,000.
264. The Board took note of documents GCF/B.06/Inf.03 and GCF/B.06/Inf.04.

Agenda item 20: Other business

265. The alternate Board member Mr. Kwang-Yeol Yoo invited Board members and Alternate Board members to the workshop, to be organized by the Republic of Korea, on the essential requirements for the Fund's resource mobilization, and proposed three possible dates and venues for that workshop.
266. A Board member requested to receive an update on the preparation of the communication strategy of the Fund.
267. The Executive Director reported on the good progress of the development of the communication strategy, the draft of which will be submitted to the Board at its seventh meeting.
268. A Board member requested that the capacities of the Secretariat, as well as the need for Board members to receive documents in time before the meeting, be considered in the preparation for the seventh Board meeting. He also proposed that the seventh Board meeting should last four days, instead of three. The latter request was supported by other Board members. Some Board members proposed that the meeting should last three days.
269. A Board member appealed on the Co-Chairs and the Secretariat to improve the process of taking decisions during the meeting.
270. The Co-Chairs assured the Board member that they will do their utmost, together with the Secretariat, to make improvements.
271. A Board member requested an information whether the Fund is planning to organize a side event during the United Nations Climate Summit in September 2014 in New York.
272. The Executive Director replied that the Secretariat only received a form from the United Nations Secretary General's Office to collect information about its activities in climate finance.
273. The Board adopted the following decision:

DECISION B.06/13

The Board:

Decides that its second meeting in 2014 will take place on 18-21 May 2014 in Songdo, Republic of Korea.

274. A part of this agenda item (on the logo of the Fund) was taken up in closed executive session. The Board adopted the following decision:

DECISION B.06/14

The Board, having considered document GCF/B.06/Inf.05 Logo of the Fund:

- (a) *Requests the Secretariat to coordinate the re-design of the colour and shape of the proposed logo with the logo designer;*

- (b) *Requests the Logo Selection Panel to review the revised design and, if agreed, forward it to the Board for approval.*

Agenda item 21: Report of the meeting

275. The document containing the decisions adopted by the Board was distributed to the Board at the end of the meeting. The Co-Chairs informed the Board that the document containing the decisions adopted by the Board during the meeting and the draft report of the meeting would be circulated to the Board electronically. Board members will be asked to provide comments on the draft report that will be submitted for adoption at the beginning of the next Board meeting.

Agenda item 22: Closure of the meeting

276. The meeting was closed on 21 February 2014.

Annex I: Administrative Policies of the Fund

I. Scope and types of policies

1. The main administrative policies of the Fund cover all areas that normally fall under the responsibility of the Secretariat's Division of Support Services.¹ They are limited to the administrative business of the Secretariat, namely:

- (a) Human resources (HR);
- (b) Administrative budget;
- (c) Procurement and asset management;
- (d) Information and communication technology (ICT); and
- (e) Audit and internal controls.

2. The main administrative policies do not cover the relations between the Fund and the Interim Trustee, which are governed by decision 3/CP.17 and the Fund's Governing Instrument annexed thereto, and by decisions already adopted by the Board.

3. The Administrative Policies will be supplemented by administrative guidelines endorsed by the Board and promulgated by the Executive Director. The Executive Director operates under the guidance of, and is accountable to, the Board that exercises oversight.

II. Human resources

2.1 Main principles

4. The Fund requires for its operations highly qualified, dedicated and motivated staff with various skills. In order to attract, recruit, motivate and retain such staff, the Fund will seek to provide competitive terms and conditions of employment and will be guided by fair, impartial and transparent policies and practices in the management of its staff.

5. The staff salaries, allowances and benefits will be maintained at competitive levels based on the salary scales of the Asian Development Bank (ADB), adjusted to the cost and conditions of living at the Fund's headquarters, and in duty stations outside the Republic of Korea, when applicable.

6. The employment, promotion and assignment of staff will be made without discrimination on the basis of sex, race, nationality, or religion.

7. The Fund will provide staff with employment conditions consistent with the terms of their appointment, their satisfactory performance and conduct, and the efficient administration of the Fund.

8. The Fund will not condone or tolerate any form of harassment. The Executive Director will develop and implement appropriate rules to address and sanction any form of harassment.

9. The Fund will systematically evaluate the relative levels of jobs and the equitable remuneration for similar responsibilities, both within the Fund and compared to other relevant organizations. The Fund will reward staff according to performance, length of service and other relevant factors. The Fund will not pay or reimburse any taxes that may have to be paid by staff or experts of the Secretariat.

¹ Or the organizational structure that may replace the Division in the future.

10. The Fund will periodically review the work of staff in order to obtain the most effective use of their services and expertise, recognize their achievements, and identify their training and development needs.
11. The Fund will seek to maintain excellence of performance and will actively assist staff in upgrading their skills and broadening their experience in different functional areas. The Fund will ensure that career development is an integral part of staff administration.
12. The Fund will seek to accord full and fair opportunities to eligible staff to compete for promotion to higher levels and for filling vacancies as they occur. Selection for promotion will be competitive, based on specified criteria and relative merits of eligible staff, and will be in accordance with established procedures to determine the most suitable candidate to be appointed.
13. The Executive Director will closely consult with staff representatives, consistent with paragraph 36, before proposing any new HR policies to the Board.
14. The Fund will observe due process in all areas of staff administration, in particular, in initiating and deciding on the involuntary or premature separation of staff from service.
15. Where grievances arise, staff members holding fixed-term appointments will be entitled, without fear of reprisal, to request an administrative review, invoke the appeal procedures or, as an ultimate recourse, elevate such grievance to an Administrative Tribunal whose decision will be binding on the Fund and the concerned staff member.
16. The Fund will defend staff and former staff against claims brought against them by third parties as a result of acts performed in their official capacity, provided that such acts were within their authority and they were acting in good faith and in accordance with the Code of Conduct of the Fund's Staff, set forth in Appendix I, or other applicable internal rules, as determined by the General Counsel of the Fund in consultation with the Executive Director. In appropriate cases, the Fund will indemnify the staff or former staff for reasonable and necessary legal expenses and judgments and settlements arising from such claims.

2.2 Code of Conduct

17. The Fund will require staff members to conduct themselves at all times in a manner befitting their status as employees of an international organization. They will be expected to maintain the highest ethical standards, with a high degree of integrity and concern for the Fund's interests and to avoid situations and activities that may reflect adversely on the Fund, compromise its operations, or lead to real or perceived conflicts of interest. The Code of Conduct of the Fund's Staff is set forth in Appendix I. The Executive Director may impose disciplinary measures on staff members whose conduct contravenes this Code.
18. All staff will be required to give in their work due consideration to cost efficiency and effectiveness and should make every effort to minimize the climate change-related impacts of their actions.
19. Upon appointment, each staff member will subscribe in writing to the Affirmation, set forth in Appendix II.

2.3 Recruitment and appointment of staff

20. The Fund will hire highly-qualified staff with various skills, internationally and locally, based on their qualifications and competences, through a transparent selection process.
21. The Fund will take all necessary action to preclude that its recruitment practices involve nepotism, conflict of interest and other inappropriate practices.

22. Selection of qualified candidates will generally be competitive, based on specified capability criteria and relative merits of shortlisted candidates and in accordance with established procedures to determine the most suitable candidate.
23. The Executive Director will manage the staff selection and appoint the staff. All staff appointments will be subject to a probationary period, the duration of which will be determined in the letter of appointment.
24. All staff, irrespective of their level and type of appointment, will be accountable to the Executive Director. The Executive Director may terminate the appointment of staff, if circumstances so warrant.

2.4 Types of appointment and categories

25. The Fund will offer different types of appointments to attract staff at different levels and with different skill sets to address the Fund's staffing requirements in long, medium and short term.
26. The Fund will provide staff with terms and conditions consistent with the terms of their assignment, their performance and conduct.
27. There will initially be two categories of staff, namely international and locally-recruited staff. The Fund may establish other categories or sub-categories at a later stage.

2.5 Geographic and gender balance

28. Subject to the paramount consideration of securing the highest level of efficiency and competence, the Fund will always strive for equitable geographic and gender balance among its staff.

2.6 Salaries, compensation and entitlements

29. Salaries will be designed to attract and retain highly-qualified and competent staff members and to motivate them to achieve the highest standards of performance.
30. Consistent with the Board decision that the Fund's administrative policies, including on human resources, are to be based on those used by ADB, the basic salary of the Fund's internationally recruited staff will be determined based on ADB's international staff salary structure.² The salary scale for staff to be locally recruited in the Republic of Korea will be based on that of the World Bank. The Fund will not reimburse any taxes on salaries and emoluments which may be due in accordance with applicable law.
31. The Fund's salary structure, composed of an appropriate number of salary ranges will embody the correspondence between the relative hierarchy of jobs and the progression of salary rates at the different salary levels.
32. Salaries will be administered in a manner that is both equitable and transparent to all staff.

² In the human resources guidelines of the Fund, it will be explored if a cost of living adjustment would be applicable to the Fund's international staff in Songdo, taking into account:

- (a) Existing cost of living comparisons between Songdo, Manila and Washington D.C.;
- (b) ADB practices and history with regard to the establishment of salary levels and structure in the headquarters and in external duty stations; and
- (c) Similar practices in comparable institutions.

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33. The following main benefits will be applicable in line with ADB staff benefits:
- (a) Travel to the duty station upon appointment and repatriation travel upon separation;
 - (b) Housing subsidy;
 - (c) Shipment of household goods and settlement/relocation allowance;
 - (d) Annual leave and other types of leave;
 - (e) Home country travel;
 - (f) Education grant; and
 - (g) Health and other insurances.
34. Benefits will be adjusted annually by the Executive Director, taking account of ADB practices. Any exceptions or deviations from ADB benefits will be submitted to the Board for approval.
35. With regard to pension, the Fund will pay the same percentage of employer's contribution as ADB. As the Fund's staff retirement plan will be administered externally, pension benefits will depend on the agreement to be entered into with the administrator of the Fund's staff retirement plan.

2.7 Staff Council

36. The Fund's staff members will be free to form a Staff Council and elect representatives to foster consultation and close cooperation among the staff, and between the staff and the Management, and to promote the aims and objectives of the Fund as well as to safeguard staff members' rights, interests and welfare.

III. Administrative budget and accounting system

3.1 Administrative budget

37. The financial period of the administrative budget will cover one year from 1 January to 31 December or such other period as may be determined by the Board.
38. The Executive Director will prepare and submit a budget proposal for the following financial period allowing enough time for the Board to consider and approve it.
39. Approval of the budget by the Board will constitute an authorization to the Executive Director to incur expenditures and make disbursements up to the approved amount, subject to availability of resources. The Executive Director may reallocate funds among line items as needed, within the overall budget for the financial year.
40. The Executive Director will determine the level of delegation within the Secretariat to implement and control the respective budget allocation of discretionary expenses, namely budgets for consultancy, travel, and representation.
41. Staff and benefit costs will be administered and centrally managed by the relevant organizational unit of the Secretariat,³ together with recruitment and relocation costs.
42. If required during the financial period, the Executive Director may propose a supplementary budget for the consideration and approval of the Board.

³ In the initial structure of the Secretariat, this is the Support Services Division.

3.2 Accounting system

43. An internationally accepted accounting system to record the financial transactions of the administrative budget will be selected by the Secretariat and approved by the Board upon the recommendation of the Ethics and Audit Committee. The Executive Director will put in place appropriate internal control mechanisms to ensure clarity, transparency and accuracy of the budget management.
44. In line with Section 3.1, a budget will be approved for utilization within a particular year and utilization will include funds actually disbursed and commitments. For commitments, the accounting concept of accruals will be applied in compliance with sound accounting principles.
45. Appropriate rules for depreciation, considering useful life and method adopted, will be developed by the Secretariat and agreed with the External Auditor.
46. The Secretariat will prepare budget utilization reports and year-end adjustments.
47. The accounts will be subject to audit by the External Auditors appointed by the Board.
48. The Executive Director will submit to the External Auditor the accounts for the financial period no later than 31 March following the end of the financial period.
49. The Executive Director will submit to the Ethics and Audit Committee, for review and transmission to the Board, the audited financial statements for each financial year as well as the External Auditor's audit observations, during the first half of the following year.

IV. Procurement of goods and services

50. With due consideration to economy and efficiency, the Fund will procure quality goods and/or services for its operations. The Fund will apply procurement methods, consistent with those used by ADB and/or best international practice, as circumstances warrant. Generally, procurement will be made at the most competitive and/or comparative market prices available, using the most competitive procurement method applicable, and giving due regard to the qualifications of the supplier or provider, promptness of delivery, terms of payment and availability of adequate warranty and servicing facilities, and previous performance, among other things.
51. In order to achieve economy of price and save on administrative cost, the Fund will execute long term agreements (LTAs) and supply agreements for the purchase and supply of goods and services whenever feasible. Pricing provided under the LTAs will be subjected to periodic market testing or confirmation.
52. Goods and/or services will be standardized to the maximum extent possible. Inventories of goods will be constantly monitored and maintained at optimum levels, and the need for services will be anticipated well in advance.
53. In order to ensure an adequate, fair, and equal opportunity for eligible suppliers or providers to compete for contracts, the Fund will adopt the most suitable procurement procedure applicable to a particular purchasing situation and observe transparency and fairness throughout the procurement process. The Fund will adopt electronic procurement procedures whenever feasible and appropriate.
54. Recognizing the importance of transparency in the procurement process to combat fraud and corruption and further achieve economy and efficiency, all entities (firms or individuals) bidding for, or participating in, the Fund's institutional procurement of goods and/or services, including, but not limited to, suppliers, consultants, contractors, service contractors, and concessionaires, and their respective officers, employees and agents ("parties") will observe the highest standard of ethics during the procurement of goods and/or services and execution of contracts. All parties will be required to report to the Executive Director any

suspected integrity violations of which they have knowledge or become aware in relation to the bidding process, negotiation, or execution of a contract.

55. The Fund will take appropriate actions to manage conflicts of interest involving the Fund's staff and dependents, consultants, bidders, suppliers and contractors, including, but not limited to, rejection of proposals for award, if the Fund determines that a conflict of interest has flawed the integrity of any procurement process.

56. The Fund's staff will maintain the confidentiality of all information and documents relating to institutional procurement activities.

57. The Fund will strive to ensure that, whenever possible, goods and/or services to be procured conform to applicable legal and other requirements, including international environmental agreements entered into by the country where the goods and/or services would be procured from and used. These include goods and/or services that maximize the use of durable, reusable and energy efficient products and/or services, and low pollution goods and/or services that produce the minimum level of post-consumer waste and/or use recyclable content and have minimal impact on the environment. The Fund will likewise strive to apply environmentally responsible procurement principles to construction design processes, tendering and materials.

58. The Fund will require its institutional procurement to be environmentally responsible. The principles of corporate social responsibility will be reflected in requests for proposals, invitations for bids, bidding documents and solicitations issued by the Secretariat and applicable evaluation criteria to implement these policies will be included in the technical evaluation and considered in the cost analysis of all quotations, bids and proposals.

59. As a socially responsible organization, the Fund will require contractors and/or suppliers of goods and/or services to comply with applicable local and international social standards and/or requirements that provide for humane conditions of work, protection of occupational safety and health, reasonable wages and benefits, respect for diversity, strive for gender balance and other labour standards.

60. Goods received and/or services rendered pursuant to relevant contracts/agreements will be subject to periodic evaluation/audit by the user and/or authorized internal and/or external auditors in accordance with established guidelines and regulations.

61. In order to achieve a high degree of professionalism in the Fund's institutional procurement, the staff involved in institutional procurement and contracts administration will be provided with relevant training.

V. Information and communication technology

62. For the Fund to be successful in delivering its mandate, it will need to rely on effective and efficient ICT services that will enable its operations and support its business processes and objectives. The Fund will therefore establish quality ICT services that deliver best value for the Fund.

63. Strategies will be developed to ensure a close alignment of ICT services with the organizational and substantive priorities of the Fund.

64. In order to ensure a consistent approach in receiving effective and efficient ICT services, the Fund will apply the following guiding principles when selecting ICT solutions and services:

- (a) *Business drives ICT*: Any decision about ICT investments will be based on defined business requirements or mandates;
- (b) *Buy and customize before building*: Where requirements do not restrict it, preference will be given to off-the-shelf or already implemented and customizable ICT solutions and services;

- (c) *Outsource managed solutions and services:* Preference will be given to outsourced managed solutions and services, where feasible, secure and in the interest of the Fund;
- (d) *Data is accessible:* Selected ICT solutions and services will ensure that data is accessible to the Fund's staff, partners and clients from their different geographic locations;
- (e) *Data is secure:* Selected ICT solutions and services will ensure that classified data is protected from unauthorized use and disclosure (based on the Fund's requirements and data classification);
- (f) *Green ICT:* Greenness of an ICT solution and service will be a main selection criterion; and
- (g) *Adopting international best practices:* The Fund will adopt international best practices in the governance and management of ICT, to the extent possible.

65. The Fund will benefit from the location of its new headquarters in Songdo, Republic of Korea in its capability of receiving innovative and high-quality ICT services. For the Fund to continuously receive state-of-the art ICT solutions and services, it will need to take innovative approaches in sourcing for such solutions and services.

66. In order to reach high levels of scalability, flexibility and efficiency, the Fund will aim to minimize the build-up of internal ICT technical personnel in favour of professionally managed outsourced ICT services with clear and robust service-level agreements.

VI. Audit

67. The administrative operations and financial management of the Fund will be audited regularly by external audit to ensure that the Fund's resources and operations are managed in an effective and efficient manner. In addition, the Executive Director will take all necessary actions to establish and implement effective internal controls.

68. The auditors will strive to be reliable advisers to the Board and the Executive Director, enabling cooperative governance guided by shared values to sustain a harmonious environment that embraces integrity, objectivity, accountability, transparency and pursuit of excellence.

69. The Ethics and Audit Committee will assist the Board in carrying out its responsibilities as they relate to matters such as the Fund's financial reporting and audits, including internal controls.

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

71. The Executive Director will make the necessary arrangements for a regular internal audit and controls in the Secretariat and will establish an independent internal audit to oversee the daily operations, to ensure that the controls designed to manage risks and efficient use of resources are implemented effectively, and to suggest improvements in the effectiveness of risk management and control processes.

72. The Ethics and Audit Committee and Risk Management Committee as well the External and Internal Auditor will have full and unrestricted access to information and records relating to all Fund activities. They will be authorized to examine all files, records, data and any other materials relating to the Fund's business, as and when deemed necessary.

73. The auditors will remain free from influence or interference as to the objective and scope of their terms of reference, the frequency and timing of their audits and the content of their audit report.

74. The terms of reference of the External Auditor will be developed by the Secretariat and approved by the Board upon the recommendation of the Ethics and Audit Committee.

VII. Review of the Administrative Policies

75. The Administrative Policies will be reviewed in 2019 or at such a date as determined by the Board.

Appendix I: Code of Conduct of the Fund's Staff

I. Definitions

1. For the purposes of this Code of Conduct:
 - (a) "Immediate family" means spouse, child, mother, father, brother or sister;
 - (b) "Short-term trading" means any combination of the buying or selling of securities by staff members or their immediate family within a period of six months;
 - (c) "Staff members" means all staff regardless of the type of appointment;
 - (d) "Unpublished information" means any information which has not been publicly released pursuant to the provisions of the Information Disclosure Policy.

II. Application

2. This Code applies to all staff members and, where so provided, to the immediate family of staff members. Where this Code affects the interests and activities of the immediate family of staff members or requires disclosures pertaining to them, staff members must make appropriate inquiries and use their best efforts to secure compliance with this Code by, and in respect of, their immediate family members. Staff members must make any disclosures that may be required by this Code to the best of their knowledge following such inquiries.

III. General principles of conduct

3.1 Status of staff and propriety of action

3. In the discharge of their functions, staff members owe their duty entirely to the Fund and to no other authority, and must avoid any action, and in particular any kind of pronouncement, which may reflect unfavourably upon their position as employees of an international organization, either in their own country or elsewhere. They should always bear in mind the reserve and tact incumbent upon them by reason of their international function, and exercise the utmost discretion with regard to official business matters.

3.2 Privileges and immunities, exemptions and facilities

4. The privileges, immunities, exemptions and facilities that officials of the Fund enjoy, consistent with decision 3/CP.17 and the Governing Instrument, under the Agreement between the Republic of Korea and the Green Climate Fund concerning the Headquarters of the Green Climate Fund (Headquarters Agreement) and/or any other agreement or arrangement, are granted in the interest of the Fund and not for the personal benefit of individuals. Therefore, these privileges, immunities, exemptions, and facilities furnish no excuse to staff members who enjoy them for non-performance of their private obligations or failure to observe laws and police regulations. Staff members are expected to satisfy their obligations in good faith as residents of the host country, including all applicable personal obligations outside the Fund, the non-fulfilment of which could reflect unfavourably upon their position as staff members or could affect the efficient performance of their duties.

5. Having regard to the particular circumstances, the Executive Director may decide whether, in the interest of the Fund, a privilege or immunity provided for to a staff member under Article 14 of the Headquarters Agreement or other agreement or arrangement providing for privileges and immunities of staff members should be waived.

3.3 Internal grievance and appeal procedures

6. The Executive Director will establish administrative review and appeal procedures for the review and settlement of the claims of staff members concerning the terms and conditions of their employment. Following completion of such procedures, staff will have the right of appeal to an Administrative Tribunal. Staff members who have such claims and had access to the foregoing procedures may not resort to national courts or other tribunals outside the Fund to resolve such claims.

IV. Disclosure of information

4.1 Disclosure of information and its use for private advantage

7. Except in the course of their official duties or with express authorization, staff members may not:

- (a) Communicate any unpublished and/or confidential information known to them by reason of their official position to any person within or outside the Fund who they know or should know is not authorized by the Fund to receive such information; or
- (b) Use, or allow the use of, unpublished and/or confidential information known to them by reason of their official position with the Fund to private advantage, directly or indirectly, or for any interest contrary to the interests of the Fund.

8. In complying with the above obligations, which continue after separation from the Fund, staff members must scrupulously observe the rules and procedures established by the Fund to protect unpublished and/or confidential information.

4.2 Publications and public speaking

9. Except in the course of their official duties or with express authorization, staff members during the term of their appointment or service may not:

- (a) Publish, cause to be published, or assist in the publication of any book, pamphlet, article, letter or other document relating to the policies or activities of the Fund or on any national political questions;
- (b) Deliver any speech or presentation, broadcast through radio, television or other electronic media or hold press conferences or grant press interviews on such policies, activities or questions; or
- (c) Speak on behalf of the Fund or state its policies as a participant in any seminar or conference.

4.3 Authorization

10. Authorizations referred to above are given by the Executive Director or designated official.

V. Political and external activities and interests

11. Staff members may exercise their political rights, but must refrain from participation in political activities that may interfere or conflict with their duties or their status as staff members. Staff members must not hold public office or appointment that, in the Fund's opinion,

is incompatible with the proper performance of their official duties, and must obtain the prior approval of the Executive Director in respect of any such office or appointment. If they accept appointment to any national public office of a political character or accept a nomination for such an office, they must immediately resign from the Fund.

VI. Business affiliations and private activities

6.1 Private activities

12. Except with prior approval by the Executive Director, staff members must not hold private employment or engage in any occupation or own or operate any business which, in the Fund's opinion, is incompatible with the proper performance of their official duties. Moreover, staff members must not serve as a director, officer or partner of any entity, other than as an authorized representative of the Fund or with the prior approval of the Executive Director. Such prior approval will not be required with respect to services performed as a director or officer of a charitable, social or religious entity.

6.2 Trading activities on the Fund's premises

13. Without limitation to the foregoing, staff members and/or their immediate family must not engage in private trading activities, such as foreign exchange dealings, merchandising of goods, real estate brokering, money lending, or car renting or brokering on the Fund's premises or make improper use of commissary privileges.

6.3 Previous association

14. Staff members must not exercise any responsibility with respect to a Fund transaction involving a former employer other than a government or international organization, as:

- (a) A recipient or beneficiary of Fund's financing, investments or guarantees;
- (b) A guarantor of any such financing; or
- (c) A supplier of goods or services to the Fund, except as authorized by the Executive Director.

6.4 Prospective employment

15. Staff members who are seeking, negotiating or have an arrangement concerning prospective employment other than with the Fund must not exercise any responsibility with respect to a Fund transaction in which a prospective employer has or may have an interest of the kind set forth in Section 6.3.

6.5 Subsequent employment

16. Except with the authorization of the Executive Director, former staff members who have separated from the Fund may not, within two years after their separation from the Fund, perform services for any other entity or person, other than an international organization, government or government agency, in respect of any matter in which the Fund has an interest or to which the Fund is a party and in which the staff member participated personally and substantially while at the Fund.

VII. Retention of re-employment and pension rights

17. Upon employment by the Fund, staff members may retain re-employment or pension rights previously acquired in the service of another public or private organization.

VIII. Financial interest, investment and trading activities

8.1 Purchase of interest in recipient of Fund's financing

18. Except as otherwise provided in Section 8.3, staff members or members of their immediate family must not make investments in:

- (a) Securities (including investment funds) that the staff member's Division/Unit advised about or participated in creating within two years following the completion of their assignment;
- (b) Securities of an entity known by the purchaser to be an actual or prospective recipient of the Fund's financing, investment or guarantee; or
- (c) Securities of any company or other entity upon whose board of directors or trustees the staff member serves or served as part of staff member's duties for the Fund, except with respect to qualifying shares required by law or by the articles of such company or other entity.

19. If a staff member or an immediate family member has or comes into possession of any securities referred to in paragraph 18 above, the staff member must make arrangements for their prompt divestiture.

20. The provisions of this Section shall not apply to securities held by trusts, estates, investment funds or similar investment vehicles, provided that neither the staff member nor any immediate family member has the right to exercise investment discretion over investments made by such investment vehicles.

8.2 Previous involvement in decision-making process

21. Except as otherwise provided in Section 8.3 and where expressly authorized, staff members must not be involved in any decision-making process to determine the selection of any entity if they were previously employed or otherwise associated with such entity, which is:

- (a) A supplier of goods or services (including consulting or construction services) to be acquired or financed by the Fund, or which is being considered as a supplier;
- (b) A financial institution from which the Fund is a borrower or to which the Fund is otherwise indebted, or which has been selected or is being considered for selection as an underwriter for issuance of securities by the Fund; or
- (c) Otherwise engaged in financial transactions with the Fund.

22. Staff members or members of their immediate family must not purchase, directly or indirectly, debt or equity securities of, or any interest in, any such entity referred to above or any of its affiliates.

8.3 Permitted purchases of recipients of Fund's financing

23. Notwithstanding the foregoing, staff members and their immediate family may purchase securities of, or an interest in, an entity even though such entity or one or more of its affiliates is an actual or prospective recipient of Fund's financing or supplier of services to the Fund if:

- (a) The purchase is made for investment in shares consistent with the scale and nature of their usual investment activities;
- (b) The security or interest is publicly traded; and
- (c) After such purchase, their aggregate holding (whether held directly or indirectly) constitutes less than one per cent of the total of any class of the outstanding securities of the entity in which the investment is made.

8.4 Securities issued by the Fund

24. Staff members and their immediate family may invest in securities issued by the Fund, but must not engage in short-term trading in such securities. Buying or selling of a right or obligation to buy or sell such securities shall be treated as buying or selling the securities.

8.5 Currency trading

25. Staff members and their immediate family must not engage in short-term trading for speculative purposes in currencies of developing countries or in financial instruments denominated in the currencies of such countries. For such purposes, the term "financial instruments" includes debt instruments, financial futures and options on financial futures and "for speculative purposes" means to engage in such transactions for profit in amounts which are disproportionate to the normal annual expenditures or income of such person in such currency.

8.6 Prohibition of benefits from the Fund's transactions

26. Neither staff members nor members of their immediate family shall accept benefits, favours or gifts from sources external to the Fund with respect to any Fund transaction, whether by way of compensation, commission, favourable buying or selling arrangements, gift, employment or otherwise.

27. Staff members or their immediate family members who find themselves in circumstances which make it difficult to refuse any such benefit favour or gift must consult the Director, Support Services or designated official.

8.7 Internal gifts

28. Giving or accepting gifts among Fund's staff members is not allowed if intended to serve the purpose of obtaining or exchanging a favour; or influencing other staff members' performance of official duties or responsibilities. In particular, the conduct of supervisors must be free from intimidation or favouritism, and except as provided below, any solicitation or acceptance by supervisors of favours, gifts or loans from staff members as well as offers of favours, gifts or loans by staff members to supervisors is prohibited.

29. On an occasional basis, and in accordance with tradition and culture, staff members may give gifts or contributions for an event of personal significance such as a marriage, birthday, childbirth, illness, or death; festive occasion; or occasion of movement or departure. Voluntary group contributions for food and refreshments to be shared at the office as well as personal hospitality at home or at other places such as a restaurant as is customary among friends and colleagues and not disproportionate under the circumstances, are not considered gifts for the purpose of this paragraph.

IX. Medals, decorations or similar honours

30. Staff members and former staff members may not accept medals, decorations or similar honours from any government, or from any other authority or person external to the Fund, for services rendered during the period of their appointment or service with the Fund. Staff members who find themselves in circumstances which make it difficult to refuse or decline any such medal, decoration or honour must consult the Executive Director or designated official.

X. Disclosure of financial and business interests

31. A staff member must promptly disclose to his/her Director or Head of Unit, any financial or business interest that he/she or an immediate family member has, which might reflect unfavourably on the Fund, or which might be in actual or perceived conflict with his/her duties. Upon such disclosure, the staff member must refrain from exercising any responsibility as a staff member that might affect such interest, except as otherwise directed by his/her Director or Head of Unit.

32. In the event the Fund has reason to believe that a staff member or an immediate family member has engaged in conduct or entered into a transaction prohibited under this Code, such staff member may be required to provide to the Fund a certified statement of relevant financial and business interests and to use best efforts to provide a comparable statement in respect of immediate family members.

XI. Sanctions

33. Staff members who fail to comply with their obligations shall be subject to the disciplinary procedures and sanctions for unsatisfactory conduct and misconduct set out in the administrative guidelines, including the possibility of termination or summary dismissal, if warranted by the gravity of the misconduct in question.

XII. Annual declaration of compliance

34. Staff members are required to submit an annual declaration of compliance in the first quarter of each year or as directed by the Executive Director or designated official. Newly-appointed staff members must submit an annual declaration of compliance within 90 days of their appointment or as otherwise directed by the Executive Director or designated official.

Appendix II: Affirmation

Upon appointment, each staff member shall subscribe in writing to the following affirmation:

"I solemnly affirm that:

I will carry out my responsibilities to the best of my ability in a manner that furthers the purpose of the Green Climate Fund;

I have read and understood the Fund's Administrative Policies and Administrative Guidelines and agree to abide by them and any additions or alterations to them that may be issued from time to time;

I will accept no instruction with regard to the performance of my duties from any government or authority external to the Fund."

Annex II: Staff salary structure effective 1 January 2014

Internationally recruited staff salary structure (in United States dollars)				
Level¹	Description	Minimum	Midpoint	Maximum
IS1	Young/Junior Professionals	74,100	81,500	88,900
IS2	Young/Junior Professionals	82,500	94,900	107,300
IS3	Specialist or equivalent	92,200	108,300	124,500
IS4	Specialist or equivalent	108,900	128,000	147,000
IS5	Senior Specialist or equivalent	123,000	147,600	172,200
IS6	Principal Specialist or equivalent	145,300	174,400	203,400
IS7	Manager/Advisor or equivalent	167,600	201,100	234,600
IS8	Director or equivalent	196,300	235,500	274,800
IS9	Deputy Executive Director or Senior Director	229,600	269,800	310,000
IS10	[Executive Director] ²	257,800	290,000	322,300

Locally recruited staff salary structure (in Korean won)³				
Level	Description	2014	2014	2014
		Minimum	Midpoint	Maximum
A	Clerk	30,900,000	44,100,000	57,300,000
B	Junior Assistant	35,600,000	50,800,000	66,000,000
C	Assistant	41,100,000	58,700,000	76,300,000
D	Senior Assistant	49,300,000	70,400,000	91,500,000

¹ Salary levels IS1-IS6 correspond to professional levels of increasing responsibility. Salary levels IS1 and IS2 are generally only used for young professionals or other special appointments. Levels IS3 and IS4 are normal entry level positions. Levels IS5 and IS6 correspond to senior and principal specialists who are leading technical experts in a given field. Levels IS7-IS10 are management positions.

² The Executive Director is hired at the level of Vice-President in a multilateral development bank. For salary purposes only, and except as may otherwise be approved by the Board, the salary of the Executive Director shall be within the range for IS10.

³ As ADB currently does not have a published local salary scale for the Republic of Korea, it is proposed to use as a proxy for such staff the World Bank's salary scale that is based on very similar principles as those applied by ADB.

Annex III: Terms of reference of the Independent Evaluation Unit

I. Background

1. The terms of reference of the Independent Evaluation Unit (IEU) are based on the Governing Instrument (particularly, but not exclusively, its paragraphs 59-62), taking into account Board decisions and documents, best international practices and the specific functions of the Fund, its scope of activities, size and structure.

II. Objectives

2. The following objectives of the IEU are derived from the Government Instrument:
- (a) Informing the decision-making by the Board and identifying and disseminating lessons learned, contributing to guiding the Fund and stakeholders as a learning institution, providing strategic guidance;
 - (b) Conducting periodic independent evaluations of the Fund's performance in order to provide an objective assessment of the Fund's results and the effectiveness and efficiency of its activities; and
 - (c) Providing evaluation reports to the Conference of the Parties (COP) to the United Nations Framework Convention on Climate Change (UNFCCC) for purposes of periodic reviews of the financial mechanism of the Convention.

III. Independence of evaluation and role of the Board

3. According to the best-practice norms and standards for independent evaluation,¹ the evaluation function should be located independently from the other management functions so that it can be free from undue influence. It needs to have full discretion in directly submitting its reports. The Head of the IEU will be appointed by, and report to, the Board, potentially through a designated Board committee. The appointment will be for a three-year term. The recruitment process will be conducted in a transparent manner and in consultation with the Board. The Head of the IEU can be removed only by decision of the Board. To preserve independence, upon termination of service as the IEU Head, he/she will not be eligible for staff positions within the Secretariat.

4. The staff of the IEU will be subject to the Code of Conduct of Staff.

5. The Board will review and approve the evaluation policy, three year-rolling evaluation work plans, the annual work programme and budget. It will also review, on an annual basis, the progress in the implementation of IEU recommendations.

IV. Responsibilities

6. Should the COP commission an independent assessment of the overall performance of the Fund, the IEU would support the work involved in such assessment. An overall performance study of the Fund could become a responsibility of the IEU, as has been the case with the Global Environment Facility (GEF) Evaluation Office since 2007.

¹ *Sourcebook for Evaluating Global and Regional Partnership Programs* elaborated by the OECD/DAC Network on Development Evaluation and IEG/World Bank.

7. Furthermore, taking into account international experience, and in light of the results of its evaluations, the IEU will make recommendations to improve the Fund's performance indicators and its results management framework.
8. In addition, the IEU will attest to the quality of the Fund's self-evaluation conducted by the Secretariat.
9. The IEU will synthesize the findings and lessons learned from its evaluations to inform the Board and the Executive Director as well as stakeholders.
10. The IEU will actively participate in relevant evaluation networks to ensure that it is at the frontier of evaluation practice and that it benefits from relevant initiatives undertaken by other evaluation units.
11. The IEU will establish close relationships with the independent evaluation units of the intermediaries and implementing entities of the Fund and will seek to involve them in their activities wherever feasible and appropriate.
12. The IEU will be responsible for conducting, or managing by contracting consultants, the types of evaluations mentioned in Section V, using as much as possible internally generated data streams and analytical outputs, and applying the best evaluation norms and standards.² The use of technical expert panels or similar mechanisms may be appropriate, as recommended in the case of the GEF by the peer review of its evaluation function. The IEU will ensure that evaluation team members do not have conflicts of interest with respect to the activities in whose evaluation they will be involved. Finally, the IEU will be responsible to develop and update the evaluation policy of the Fund.

V. Types of evaluation and the Fund's result areas

13. Given that the Fund will pursue a country-driven approach, after its first years of operation the IEU may perform evaluations of the activities funded in different countries, i.e. *country portfolio evaluations*.
14. Furthermore, the IEU may also perform *thematic evaluations* of the different types of activities that the Fund will finance, such as those designed to enable and support enhanced actions on climate change adaptation or mitigation. With time, these thematic evaluations may cover all the results areas of the Fund.³
15. In addition, as the Fund will support developing countries in pursuing project-based and programmatic approaches in accordance with climate change strategies and plans, such as low-emission development strategies or plans, nationally appropriate mitigation actions (NAMAs), national adaptation plans of action (NAPAs), national adaptation plans (NAPs) and other related activities, the IEU may also perform *evaluations of those project-based and programmatic approaches*.
16. The types of evaluation mentioned above will provide the Board and the COP with an independent assessment of the Fund's operations. These evaluations could also be used as building blocks for an overall assessment of the Fund. To maximize the value added of IEU evaluations, the IEU will prepare its work plans after consulting with the Board and the Secretariat. All these evaluations will be performed mainly by independent consultants managed by the IEU.

² In addition to the norms and standards, quoted in footnote 1, another relevant source are the good-practice standards developed by the independent evaluation offices of multilateral development banks (MDBs), through their Evaluation Cooperation Group (ECG). See https://wpqr4.adb.org/LotusQuickr/ecg/PageLibrary48257B910010370B.nsf/h_Toc/7165ce615f744f0848257b95002c9f1d/?OpenDocument.

³ Document GCF/B.05/02 identifies 14 initial result areas of the Fund.

VI. Evaluation criteria

17. The evaluation criteria to be used by IEU will be the following (taking into account the Fund's results management framework):
- (a) Relevance, effectiveness, efficiency, impact and sustainability of projects and programmes;⁴
 - (b) Coherence in climate finance delivery with other multilateral entities;
 - (c) Gender equity;
 - (d) Country ownership of projects and programmes;⁵
 - (e) Innovativeness in result areas (extent to which interventions may lead to paradigm shift towards low-emission and climate resilient development pathways);
 - (f) Replication and scalability - the extent to which the activities can be scaled up in other locations within the country or replicated in other countries (this criterion, which is considered in document GCF/B.05/03 in the context of measuring performance, could also be incorporated in independent evaluations);⁶ and
 - (g) Unexpected results, both positive and negative.

VII. Feedback and knowledge management

18. Independent Evaluation Unit evaluations will be published and reports will be provided to the COP for its periodic reviews of the financial mechanism of the Convention.⁷
19. Evaluation results should feed back into the design phase, thus contributing to enhancing the quality of funded activities. To facilitate this process, the IEU will periodically prepare brief notes synthesizing lessons learned from evaluations.

VIII. Delineation of roles and responsibilities of the Fund's IEU and those of the independent evaluation mechanisms of implementing entities and intermediaries

20. In the initial phase of its operations, the Fund will exclusively be working through subnational, national, regional and international implementing entities and intermediaries. Thus, it will be of necessary to define the delineation of roles and responsibilities of the Fund's IEU and those of the independent evaluation mechanisms of implementing entities and intermediaries.
21. The Fund's IEU should closely cooperate with the relevant departments or units of implementing entities and intermediaries and should seek to involve them in its activities wherever feasible.
22. The relationship between the IEU and the corresponding body of implementing entities or intermediaries will be covered by agreements which will be entered into by the Fund with

⁴ Co-benefits and global environmental co-benefits would be included either within relevance and/or effectiveness, depending on the definition of the objectives of the Fund's activities that will be evaluated.

⁵ Even though this is not a standard evaluation criterion, it is included among the evaluation criteria that the IEU should use in order to take into account decision B.04/04, that country ownership will be a core principle of the Fund's business model framework.

⁶ Following the good practice of the Independent Evaluation Office of the International Fund for Agricultural Development (IFAD).

⁷ As established in the Annex to decision 5/CP.19.

these entities or intermediaries which will require these to cooperate with the Fund's IEU, where required.

23. The IEU will support the strengthening of evaluation capacities in subnational, national and regional IEs and intermediaries to enable evaluation of their Fund portfolio activities. Over time, in those countries in which there are sub-national, national or regional intermediaries or implementing entities with evaluation capacities, the IEU could involve them in Fund evaluations.

Annex IV: Terms of reference of the Independent Integrity Unit

I. General principles

1. Pursuant to paragraph 68 of the Governing Instrument, the Board will establish an Independent Integrity Unit (IIU), to work with the Secretariat and report to the Ethics and Audit Committee and to the Board, to investigate allegations of fraud and corruption and other prohibited practices (coercive and collusive practices, abuse, conflict of interest and retaliation against whistle-blowers) in line with best international practices and in close coordination or cooperation with relevant counterpart authorities.
2. The Independent Integrity Unit will enjoy complete independence in the exercise of its responsibilities; and in order to conduct an investigation, it will have full access to all relevant Fund's documents and data, including electronic data. During the course of its work, the IIU will need to work closely with the Secretariat. The IIU will report to the Board directly or through the Ethics and Audit Committee.
3. The IIU will actively participate in relevant networks of integrity department/units to ensure that it is at the frontier of relevant practice and that it benefits from initiatives undertaken by integrity units of other international organizations.
4. The IIU will establish close relationships with the integrity units of the intermediaries and implementing entities. However, the IIU will not be precluded from conducting its own investigations.
5. All complaints and allegations against the Fund or persons associated with it that fall within the competence of the IIU, as defined in these terms of reference, will be addressed by the IIU. The IIU will maintain objectivity, impartiality and fairness throughout the investigative process and conduct its activities with the highest levels of integrity.
6. The IIU will be free from improper influence or fear of retaliation.
7. The staff of the IIU will be managed by the Head of the IIU. The staff of the IIU will be subject to the Code of Conduct of the Staff. In this regard, the staff of the IIU will disclose to the Head of the IIU, in a timely manner, any actual or potential conflict of interest they may have in an investigation in which they are participating, and the Head of the IIU will take appropriate steps to remedy the conflict. The Head of the IIU will disclose to the Executive Director and the Ethics and Audit Committee any actual or potential conflict of interest he/she may have in an investigation, and the Executive Director will take appropriate steps to remedy the conflict. Appropriate procedures will be prepared by the Secretariat, for review by the Ethics and Audit Committee and Board approval, to investigate allegations of misconduct on the part of any staff member of the IIU, and mitigate any conflict of interest.
8. Investigations conducted by the IIU will not be a judicial or quasi-judicial process, and the standard of proof that will be used by the IIU to determine whether a suspicion or allegation is substantiated, will be whether the information as a whole shows that an investigative finding is more probable than not.
9. Investigative findings will be based on facts and related analysis. The subject of an investigation will be given the opportunity to explain the reasons for the conduct and provide information supporting such explanation.
10. If the IIU does not find sufficient information during the investigation to substantiate a suspicion or allegation, it will document its findings, close the investigation, and notify the Secretariat and other parties, as appropriate.
11. Where the IIU's investigative findings indicate that a complaint was knowingly false, it will refer the matter to the Secretariat for any further action.

12. The IIU will, during an investigation, take appropriate measures to protect as confidential any non-public information associated with an investigation, and will take appropriate measures to prevent the unauthorized disclosure of investigative findings.
13. To the extent possible, interviews conducted by the IIU during an investigation will be conducted by two persons. Interviews may be conducted in the language of the person being interviewed, where appropriate, using interpreters. The Fund will not pay a witness or an informant; however, the IIU may assume the responsibility for reasonable expenses incurred by witnesses or informants to meet with the IIU.
14. The IIU may engage external parties (e.g. individuals or companies experienced in forensic investigations) to assist it in its investigations.

II. Principal responsibilities

15. The IIU will:
 - (a) Serve as the initial point of contact for all alleged and suspected incidents of an integrity violation, as defined in these terms of reference, including fraud and corruption, involving any Fund activity, including by its staff members, corporate procurement by the Fund, and activities (including projects and programmes) using Fund resources directly or indirectly;
 - (b) Register all complaints and review them to determine whether they fall within the authority of the IIU (or require referral to another body), and determine the priority of a case with respect to other cases, taking into account the monetary value of the integrity violation, media and other sensitivity and relevance to a possible financial risk and reputational risk. Where practical, the IIU will acknowledge receipt of all complaints;
 - (c) Adopt appropriate procedures to determine whether an integrity violation has occurred; gather sufficient related evidence; attempt to identify the integrity violators and establish the extent of the integrity violation as well as the techniques used;
 - (d) Examine and determine the veracity of alleged or suspected integrity violations against implementing entities or intermediaries, project executing entities, contractors, consultants, service providers, or other external stakeholders, or against the Fund's staff members, report its investigative findings to the Secretariat and/or an oversight body, and make recommendations, as appropriate, that are derived from its findings;
 - (e) With reference to complaints regarding any activities using Fund resources directly or indirectly or in connection with corporate procurement, provide the Secretariat or any potential Fund body established to consider remedial actions with investigative findings to decide on remedial actions, including possible sanctions;
 - (f) With reference to staff of the Fund, investigate allegations of staff misconduct, involving violations of the Code of Conduct of the Fund's Staff and other integrity violations as defined in these terms of reference, including allegations referred to the IIU by the Secretariat; cooperate and coordinate with the Executive Director and the Secretariat in the conduct of investigation; report to the Secretariat its findings for the Executive Director to decide on disciplinary actions;
 - (g) With reference to the Executive Director, bring to the attention of the Co-Chairs and the Ethics and Audit Committee the findings on any investigation involving misconduct or integrity violations;
 - (h) In consultation with the Executive Director and other designated officials of the Fund, recommend improvements to policies, procedures and controls to mitigate the opportunities for integrity violations in the Fund's activities, including activities implemented through implementing agencies and intermediaries, to ensure that all staff,

- external stakeholders and implementing entities and intermediaries adhere to the highest integrity standards; and document all investigative findings and conclusions;
- (i) Provide the Ethics and Audit Committee with the information that the Committee may reasonably request for it to fulfil its role pursuant to its terms of reference, in particular concerning the issues of Board conflict of interest, confidentiality and ethics;
 - (j) Report to the Board on its activities, including summary investigative findings and any remedial action decided upon by an oversight body in the case of external stakeholders, or by an implementing entity or intermediary;
 - (k) In collaboration with the Secretariat and the Executive Director, promote awareness of the Fund's integrity standards, including to all implementing entities and intermediaries, and executing entities;
 - (l) Consult and collaborate with multilateral funds, international finance institutions and other relevant parties to share experience and insight on how best to address integrity violations;
 - (m) Coordinate with relevant national and international counterpart authorities during investigations of alleged or suspected integrity violations, when considered appropriate and authorized by the Secretariat;
 - (n) Consider and recommend for Board approval the participation in arrangements between multilateral funds and international financial institutions on integrity matters; and
 - (o) Prepare and submit an annual report to the Board, summarizing its activities.

III. Delineation of roles and responsibilities of the Fund's Independent Integrity Unit and those of the integrity mechanisms of implementing entities and intermediaries

- 16. The IIU should closely cooperate with the relevant departments or units of implementing entities and intermediaries.
- 17. The relationship between the IIU and the corresponding body of implementing entities or intermediaries will be covered in agreements that will be entered into by the Fund with these implementing entities or intermediaries that will require these to cooperate with the Fund's IIU, where required.
- 18. The IIU will share best practices and give guidance that can be helpful for the Fund's readiness activities.

IV. Governance and management structure

- 19. The IIU will be headed by an expert with experience and proven track record in conducting integrity investigations and leading an integrity unit. The Head of the IIU should enjoy impeccable reputation of honesty and integrity and be widely respected and regarded for his/her competence and expertise.
- 20. The Board, on the recommendation of the Ethics and Audit Committee, will be responsible for:
 - (a) Appointing the Head of the IIU, in an open and transparent manner to be decided by the Board;
 - (b) Establishing processes or mechanisms for taking actions based on the investigative findings and conclusions of the IIU, as appropriate;

- (c) Receiving reports on the activities of the IIU;
 - (d) Considering and approving the annual budget of the IIU.
21. The tenure of the office of the Head of the IIU will be for three years; renewable once. In order to ensure independence of the office, the incumbent may not be removed from office during his/her term, except for malfeasance or mental incapacitation. His/her terms and conditions of appointment will be decided by the Board. The Head of the IIU shall not be eligible for any type of employment by the Fund within one year after the date of the end of his/her appointment.

Annex V: Terms of reference of the independent redress mechanism

I. Role and functions

1. The Governing Instrument mandates the Board to establish “an independent redress mechanism that will report to the Board. The mechanism will receive complaints relating to the operation of the Fund and will evaluate and make recommendations”. The independent redress mechanism (IRM) is not intended to be a court of appeals or a legal mechanism.
2. The IRM is a mechanism within the Fund that will:
 - (a) Address the reconsideration of funding decisions in accordance with paragraphs 6 to 10 of the Arrangements between the Fund and the Conference of the Parties, and
 - (b) Address the grievances and complaints by communities and people who have been directly affected by the adverse impacts through the failure of the project or programme funded by the Fund to implement the Fund's operational policies and procedures, including environmental and social safeguards.

II. Modalities for reconsideration of funding decisions

3. A request can be filed by a developing country that has been denied funding for a specific project or programme in that country by the Board, even though resources were available. Such a request will need to include a description of the project or programme that has been denied funding, and will need to substantiate the reasons why the developing country believes that the denial was inconsistent with the policies, programme priorities and eligibility criteria of the Fund, including those implementing guidance provided by the Conference of the Parties.
4. When considering such a request, the IRM will:
 - (a) Review the request in an open and transparent manner;
 - (b) Use informal means, in the first instance, for addressing the request to bring about a satisfactory and amicable resolution of the request;
 - (c) If informal means are not successful, determine whether the Fund was inconsistent with its policies, programme priorities and eligibility criteria when denying funding to a specific project or programme;
 - (d) Prepare a report for the Board’s consideration, including recommendation on possible remedial actions.
5. The Board may consider the request in view of the report and take steps to implement the recommendation of the IRM.

III. Modalities for redress for affected communities

6. The IRM will treat all stakeholders in a fair and equitable manner. While ensuring transparency and fairness, the IRM will be cost-effective, efficient and complementary to other supervision, audit, quality control and evaluation systems of the Fund. The IRM will follow international best practices.
7. A grievance or complaint can be filed by a group of persons who have been directly affected by adverse impacts through the failure of the project or programme funded by the Fund to implement the Fund’s operational policies and procedures, including environmental and social safeguards, or the failure of the Fund or its intermediaries and implementing entities to

follow such polices. Other kinds of complaints, such as allegations of corruption, misprocurement, will be handled by other units of the Fund, i.e. the Independent Integrity Unit.

8. When considering such a grievance or complaint, the IRM will follow the steps below:
 - (a) Evaluate if a grievance or complaint meets the eligibility criteria set out in paragraph 7;
 - (b) If deemed eligible, address a grievance or complaint from those directly affected by the projects/programmes funded by the Fund;
 - (c) Use informal means for addressing the grievance or complaint such as problem solving and mediation to bring about a satisfactory and amicable redress of the grievance or complaint;
 - (d) Where such informal efforts are not successful, determine if project-affected communities or people encountered impacts because of a failure to follow the Fund's operational policies and procedures, including environmental and social safeguards, and make recommendations to the Board for actions, as appropriate;
 - (e) The IRM may also make recommendations to the Board to make changes to operational policies and procedures;
 - (f) Monitor whether the decisions taken by the Board following IRM recommendations have been implemented; and
 - (g) Prepare and submit periodic progress reports to the Board, as and when required, and an annual report that will also be disseminated to the public.

IV. Governance and management structure

9. The IRM Unit will have the highest professional and technical standards for its staff and operations and will be headed by a part-time expert with experience in running an accountability mechanism and will comprise two other part-time experts who have relevant background and experience relating to such a mechanism. These persons should enjoy impeccable reputation of honesty and integrity and be widely respected and regarded for their competence and expertise. As and when the workload justifies, the part-time head position could be converted into a full-time position. The Head of the IRM Unit will report to the Board.
10. The Board will be responsible for:
 - (a) Appointing the Head of the IRM Unit, in an open and transparent manner to be decided by the Board;
 - (b) Overseeing the activities of the IRM;
 - (c) Considering and approving the annual budget of the IRM;
 - (d) Taking decisions and authorizing actions upon recommendation of the IRM, following the investigations; and
 - (e) Monitoring the implementation of the decisions taken.
11. The tenure of the office of the Head of IRM Unit will be for three years, renewable once. To ensure independence of the office, the incumbent may not be removed from office during his/her term, except for malfeasance or mental incapacitation. His/her terms and conditions of appointment will be decided by the Board. The Head of the IRM Unit shall not be eligible for any type of employment by the Fund within one year after the date of the end of his/her appointment.
12. The IRM Unit will keep a roster of experts with a variety of technical skills who will be selected in an impartial and objective manner. These experts will be invited and assigned the task to carry out compliance appraisals in those cases where screening determines that the

complaint meets the eligibility criteria and where mediation has failed. The selection of the candidates will be made carefully to eliminate any possible actual or perceived conflict of interest. These experts will be paid all their expenses, and fees or honorarium on the basis of the work performed.

The staff of the IRM Unit will be subject to the Code of Conduct of Staff.

V. Guidelines and procedures

13. The detailed guidelines and procedures governing the work of the IRM will be approved by the Board. The procedures to be followed will be iterative, whereby expeditious and low-cost redress of grievances and resolution of complaints can be facilitated. Only in those cases where such informal resolution of problems is not possible, the subsequent phase of investigation and determination will be invoked.

VI. Budget, staffing and reporting

14. To ensure its financial independence, the Head of IRM Unit will propose a budget for meeting the annual expenses and the Board will consider and approve this budget.

15. For administrative purposes only, the Head of IRM Unit will report to the Executive Director, but for all substantive work, he/she will be responsible to the Board.

16. All staff appointments and terminations of service in the IRM Unit will be the sole responsibility of the Head of IRM Unit and not of the Secretariat.

VII. Delineation of roles and responsibilities of the Fund's independent redress mechanism and those of the accountability mechanisms of implementing entities and intermediaries

17. The Fund's IRM should closely cooperate with the relevant departments or units of implementing entities and intermediaries.

18. The relationship between the IRM and the corresponding body of implementing entities or intermediaries will be covered in agreements which will be entered into by the Fund with these implementing entities or intermediaries which will require these to cooperate with the Fund's IRM, where required.

19. The IIU will share best practices and give guidance that can be helpful for the Fund's readiness activities.

Annex VI: Decisions taken between meetings

DECISION B.BM-2013/04

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

- (a) Approves the Board's work plan for 2014, as set out in Annex I to this decision;*
- (b) Approves the indicative timeline for the Board's work plan for 2014, as set out in Annex II to this decision, noting that the Board may adjust the timeline on a meeting-by-meeting basis;*
- (c) Requests the Secretariat to prepare documents listed in Annex III to this decision for the first Board meeting in 2014.*

Annex I: Elements of the Board's work plan for 2014**I. Institutional and strategic matters**

1. *Establishment of committees, panels and groups of the Board;*
2. *Administrative policies;*
3. *Legal relationships, including securing privileges and immunities for the Fund and its staff;*
4. *Initial modalities for the operation of the Fund's mitigation and adaptation windows and the Private Sector Facility (PSF);*
5. *Structure of the Fund, including the structure of the PSF;*
6. *Options for a Fund-wide gender-sensitive approach;*
7. *Communication strategy;*
8. *Report to the Conference of the Parties (COP), including the response to the guidance provided by the COP at its nineteenth session;*
9. *Commencement of annual reporting and external auditing process;*
10. *Trustee arrangements, including the review of the Interim Trustee and the initiation of a process to select the Trustee of the Fund;*
11. *Participation of observers in Board meetings;*
12. *Comprehensive information disclosure policy; and*
13. *Relationships with relevant UNFCCC thematic bodies, such as the Adaptation Committee and the Technology Executive Committee, as well as other climate finance entities and external bodies, including corporate and foundational partnerships.*

II. Access modalities and country ownership

1. *Guiding framework and procedures for accrediting national, regional and international implementing entities and intermediaries, including the Fund's environmental and social safeguards, and fiduciary principles and standards;*
2. *Country ownership:*
 - (i) *No-objection procedure;*
 - (ii) *Best practices for the establishment and composition of National Designated Authorities (NDAs) and focal points;*
 - (iii) *Best-practice options for country coordination and multi-stakeholder engagement;*
3. *Additional modalities that further enhance direct access, including through funding entities; and*
4. *Provisions for legal and formal arrangements with intermediaries and implementing entities, including the policies on fees and payments.*

III. Programming modalities

1. *Detailed programme of work on readiness and preparatory support;*
2. *Policies and procedures for the initial allocation of Fund resources;*
3. *Financial terms and conditions of grants and concessional loans;*

4. *Fund's financial risk management and investment frameworks;*
5. *Initial proposal approval process, including the criteria for programme and project funding;*
6. *Understanding and defining the alternative sources of financial inputs;*
7. *Use of other financial instruments, including guarantees and equity investment;*
8. *Mechanisms to draw on expert and technical advice; and*
9. *Simplified procedures and eligibility criteria for certain activities, particularly for small-scale activities.*

IV. Accountability mechanisms, standards, results and evaluation

1. *Terms of reference of the Independent Evaluation Unit, the Independent Integrity Unit, and the independent redress mechanism;*
2. *Initial results management framework of the Fund;*
3. *Additional result areas and indicators for adaptation activities;*
4. *Role and expected impacts of the Fund in initial result areas; and*
5. *Monitoring and evaluation policy, including the methodology for portfolio evaluation.*

V. Resource mobilization

1. *Policies and procedures for contributions;*
2. *Preparations for the initial resource mobilization process; and*
3. *PSF: Potential approaches to mobilizing funds at scale.*

Annex II: Indicative timeline for the Board's work plan for 2014¹

Items highlighted in bold are the essential requirements for the Fund's initial resource mobilization.

I. Matters to be addressed between meetings

1. Establishment of committees, panels and groups of the Board;
2. Travel Policy;
3. **Administrative policies;**
4. Legal relationships, including securing privileges and immunities for the Fund and its staff;

II. Sixth Board meeting, 19–21 February 2014

1. **Initial modalities for the operation of the Fund's mitigation and adaptation windows and the PSF;**
2. **Terms of reference of the Independent Evaluation Unit, the Independent Integrity Unit, and the independent redress mechanism;**
3. **Initial results management framework of the Fund;**
4. **Policies and procedures for the initial allocation of Fund resources;**
5. Progress reports on other essential requirements for the initial resource mobilization, namely:
 - (a) **Initial proposal approval process, including the criteria for programme and project funding;**
 - (b) **Guiding framework and procedures for accrediting national, regional and international implementing entities and intermediaries, including the Fund's environmental and social safeguards, and fiduciary principles and standards;**
 - (c) **Fund's financial risk management and investment frameworks;**
 - (d) **Structure of the Fund, including the structure of the PSF;**
6. Additional result areas and indicators for adaptation activities;
7. Financial terms and conditions of grants and concessional loans;
8. Detailed programme of work on readiness and preparatory support;
9. Country ownership:
 - (i) No-objection procedure;
 - (ii) Best practices for the establishment and composition of NDAs and focal points;
 - (iii) Best-practice options for country coordination and multi-stakeholder engagement;
10. Additional modalities that further enhance direct access, including through funding entities (linked to 5 (b)); and
11. Options for a Fund-wide gender-sensitive approach.

¹ The Governments of Indonesia, Namibia and the Philippines have offered to host a Board meeting in 2014.

III. Seventh Board meeting, 21–23 May 2014

1. **Initial proposal approval process, including the criteria for programme and project funding;**
2. **Guiding framework and procedures for accrediting national, regional and international implementing entities and intermediaries, including the Fund's environmental and social safeguards, and fiduciary principles and standards;**
3. **Fund's financial risk management and investment frameworks;**
4. **Structure of the Fund, including the structure of the PSF;**
5. *Provisions for legal and formal arrangements with intermediaries and implementing entities, including the policies on fees and payments (linked to 2);*
6. *Preparations for the initial resource mobilization process;*
7. *Policies and procedures for contributions;*
8. *Understanding and defining the alternative sources of financial inputs to the Fund; and*
9. *Communication strategy.*

IV. Eighth Board meeting, 30 September–2 October 2014

1. *Report to the COP, including the response to the guidance provided by the COP at its nineteenth session;*
2. *Commencement of annual reporting and external auditing process;*
3. *Use of other financial instruments, including guarantees and equity investment;*
4. *PSF: Potential approaches to mobilizing funds at scale;*
5. *Monitoring and evaluation policy, including the methodology for portfolio evaluation;*
6. *Trustee arrangements, including the review of the Interim Trustee and the initiation of a process to select the Trustee of the Fund;*
7. *Comprehensive information disclosure policy;*
8. *Participation of observers in Board meetings;*
9. *Mechanisms to draw on expert and technical advice;*
10. *Role and expected impacts of the Fund in initial result areas;*
11. *Simplified procedures and eligibility criteria for certain activities, particularly for small-scale activities; and*
12. *Relationships with relevant UNFCCC thematic bodies, such as the Adaptation Committee and the Technology Executive Committee, as well as other climate finance entities and external bodies, including corporate and foundational partnerships.*

Annex III: List of Board documents to be prepared for the first Board meeting in 2014

1. *Initial modalities for the operation of the Fund's mitigation and adaptation windows and the PSF;*
2. *Terms of reference of the Independent Evaluation Unit, the Independent Integrity Unit, and the independent redress mechanism;*
3. *Initial results management framework of the Fund;*
4. *Policies and procedures for the initial allocation of Fund resources;*
5. *Progress reports on other essential requirements for the initial resource mobilization, namely:*
 - a) *Initial proposal approval process, including the criteria for programme and project funding;*
 - b) *Guiding framework and procedures for accrediting national, regional and international implementing entities and intermediaries, including the Fund's environmental and social safeguards, and fiduciary principles and standards;*
 - c) *Fund's financial risk management and investment frameworks;*
 - d) *Structure of the Fund, including the structure of the PSF;*
6. *Additional result areas and indicators for adaptation activities;*
7. *Financial terms and conditions of grants and concessional loans;*
8. *Detailed programme of work on readiness and preparatory support;*
9. *Country ownership:*
 - (i) *No-objection procedure;*
 - (ii) *Best practices for the establishment and composition of NDAs and focal points;*
 - (iii) *Best-practice options for country coordination and multi-stakeholder engagement;*
10. *Additional modalities that further enhance direct access, including through funding entities; and*
11. *Options for a Fund-wide gender-sensitive approach.*

DECISION B.BM-2014/01

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:

*Commonwealth Secretariat
Global Green Growth Institute (GGGI)
Kreditanstalt fuer Wiederaufbau (KfW)
Organization for Economic Co-operation and Development (OECD)
United Nations Entity for Gender Equality and the Empowerment of Women (UN Women)
United Nations Industrial Development Organization (UNIDO)*

Civil society organizations:

*Amis de l'Afrique Francophone- Benin (AMAF-BENIN)
Applied Environmental Research Foundation (AERF)
Asia Pacific Forum on Women, Law and Development (APWLD)
Association Carre Geo & Environment
BirdLife International
Center for Clean Air Policy (CCAP)
Centre for Policy Research
Clean Energy Business Council (CEBC)
Frankfurt School of Finance and Management GmbH
Future Forest (FF)
Initiatives for Integrated and Sustainable Development
Institute for Essential Services Reform (IESR)
International Centre for Trade and Sustainable Development (ICTSD)
International Child Welfare Organization
International Institute of Environment and Development (IIED)
LDC Watch
International Solid Waste Association (ISWA)
Leadership for Environment and Development (Lead) Pakistan
Native American Rights Fund (NARF)
Nexus-Carbon for Development
Perserikatan Solidaritas Perempuan-Women's Solidarity for Human Right
Rural Reconstruction Nepal (RRN)
Sudanese Environment Conservation Society (Secs)
The Development Institute (DI)
The International Council on Clean Transportation (ICCT)
Vasudha Foundation
World Farmers' Organisation (WFO)
WWF International*

Private sector organizations:

*Bea International
Carbon Market Institute Limited
Core CarbonX Solutions Private Limited
Kommunkredit Public Consulting GmbH (KPC)
Nycon Energy AG
PricewaterhouseCoopers LLP (PwC)
Vertis Environmental Finance Ltd*

DECISION B.BM-2014/02

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

Appoints the following Board members/Alternate Board members to the Investment Committee for its first term, in accordance with the Terms of Reference as set out in Annex VII to document GCF/B.05/23:

- (a) Mr. Shri Dipak Dasgupta, Committee member;*
- (b) Mr. Henrik Harboe, Committee member;*
- (c) Mr. Rodrigo Rojo, Committee member;*
- (d) Mr. Josceline Wheatley, Committee member;*
- (e) Mr. Liang Ziqian, Committee member.*

DECISION B.BM-2014/03

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

Appoints the following Board members/Alternate Board members to the Risk Management Committee for its first term, in accordance with the Terms of Reference, as set out in Annex VI to document GCF/B.05/23:

- (a) Mr. Irfa Ampri, Committee member;*
- (b) Mr. Arnaud Buisse, Committee member;*
- (c) Ms. Irene Jansen, Committee member;*
- (d) Mr. David Kaluba, Committee member;*
- (e) Mr. Tosi Mpanu Mpanu, Committee member;*
- (f) Mr. Kentaro Ogata, Committee member.*

Annex VII: List of Board members and Alternate Board members participating in the meeting**Members of the Board**

Mr. Christian N. Adovelande
Mr. Arnaud Buisse
Mr. Per Callesen
H.E. Mr. Jan Cedergren
Mr. Omar El-Arini
Mr. Zaheer Fakir
Ms. Ana Fornells de Frutos
Mr. Pedro Garcia Brito
Mr. Henrik Harboe
Ms. Monica Hidalgo Andino
Mr. David Kaluba
Mr. Manfred Konukiewitz (Co-Chair)
Mr. Marcin Korolec
Ms. Marisa Lago
Mr. Ziqian Liang
Mr. Patrick McCaskie
Mr. Kentaro Ogata
Mr. Jose Ma. Clemente S. Salceda (Co-Chair)
H.E. Mr. Sergio Serra
Mr. Ayman M. Shasly
Mr. George Zedginidze

Alternate Members of the Board

Mr. Tosi Mpanu Mpanu
Ms. Irene Jansen
Mr. Josceline Wheatley
Ms. Ludovica Soderini
H.E. Ms. Audrey Joy Grant
Mr. Petr Kalas
Mr. Rodrigo Suarez Castaño
Mr. Norbert Gorissen
Mr. Adam Kirchknopf
Mr. Anton Hilber
Mr. Alexander Severens
Mr. Kwang-Yeol Yoo
Mr. Rod Hilton
Mr. Tomonori Nakamura
Mr. Dipak Dasgupta
Mr. Irfa Ampri
