

Green Climate Fund

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# Structure of the Fund and the Secretariat

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**GCF/B.07/07**

9 May 2014

**Meeting of the Board**

18-21 May 2014

Songdo, Republic of Korea

Agenda item 10

### **Recommended action by the Board**

It is recommended that the Board:

- (a) Take note of the information presented in document GCF/B.07/07 *Structure of the Fund and the Secretariat*; and
- (b) Adopt the draft decision presented in Annex I to this document.

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## Structure of the Fund and the Secretariat

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### I. Introduction

1. By its decision B.05/17, taken at its October 2013 meeting, the Board confirmed that one of the essential requirements for the Fund to receive, manage, programme and disburse financial resources is to finalize the initial Structure of the Fund and the Secretariat.
2. At its February 2014 meeting, the Board also considered document GCF/B.06/12 on the *Structure of the Fund, Including the Structure of the Private Sector Facility (Progress Report)*. While no decision was taken by the Board, the document was discussed during an informal session of the Board, which produced guidance that has been taken into account in updating this document.
3. This document outlines the overall structure of the Fund and the Secretariat based on the provisions of the Governing Instrument for the Fund<sup>1</sup>, prior Board decisions and decisions of the Conference of the Parties (COP) to the United Nations Framework Convention on Climate Change (UNFCCC). This includes a description of the different types of bodies within the overall structure of the Fund and the Secretariat, and their role and functions.
4. This document relates to one of the eight essential requirements for resource mobilization listed in Annex XXII to decision B.05/17: "Initial Fund structure and Secretariat structure, including administrative policies, best-practice fiduciary principles and standards and environmental and social safeguards". It covers the initial Structure of the Fund and the Secretariat.
5. The administrative policies of the Fund were adopted by the Board at its sixth meeting in February 2014.<sup>2</sup> The best-practice fiduciary principles and standards and environmental and social safeguards are being considered by the Board at its seventh meeting in document GCF/B.07/02 *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*.

### II. Governance and institutional arrangements

6. **Conference of the Parties:** The Fund was established by a decision of the Conference of the Parties (COP) to the United Nations Framework Convention on Climate Change (UNFCCC), designating it as an operating entity of the financial mechanism under Article 11 of the Convention to be accountable to and function under the guidance of the COP.<sup>3</sup>
7. The institutional structure of the Fund comprises:
  - (a) **The Board:** The Board will govern and supervise the Fund and have full responsibility for funding decisions;<sup>4</sup>

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<sup>1</sup> Annex to decision 3/CP.17 of the Conference of the Parties to the United Nations Framework Convention on Climate Change.

<sup>2</sup> Decision B.06/03.

<sup>3</sup> Governing Instrument, paragraph 4

<sup>4</sup> Governing Instrument, paragraph 5.

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- (b) **The Secretariat:** The Secretariat will be fully independent, in service of and accountable to the Board and have effective management capabilities to execute the day-to-day operations of the Fund;<sup>5</sup>
- (c) **The Trustee:** The Trustee will have administrative competence to manage the financial assets of the Fund. It will maintain appropriate financial records and will prepare financial statements and other reports required by the Board;<sup>6</sup>
- (d) **Independent accountability units:** The Fund will have an operationally Independent Evaluation Unit as part of its core structure of the Fund, an Independent Integrity Unit to work with the Secretariat, and an independent redress mechanism.<sup>7</sup>
8. In accordance with the Governing Instrument, the Fund will establish institutional relations with national designated authorities and focal points and with implementing entities and intermediaries.
- (a) **National designated authorities and focal points:** Countries may designate a national authority<sup>8</sup> or mandate a focal point to interact with the Fund;
- (b) **Accredited Implementing Entities and Intermediaries:** Subnational, national, regional and international implementing entities and intermediaries accredited by the Board will provide access to the Fund's resources.<sup>9</sup>
9. The bodies mentioned under paragraphs 8 and 9 above are anticipated to serve as the institutional framework for the Fund's mitigation and adaptation windows, the Private Sector Facility, as well as any additional windows, facilities or substructures that the Board may add in future, unless decided otherwise by the Board.

### III. Conference of the Parties

10. As mentioned in paragraph 7 above, the Fund was established by a decision of the Conference of the Parties (COP) to the United Nations Framework Convention on Climate Change (UNFCCC), designating it as an operating entity of the financial mechanism under Article 11 of the Convention, to be accountable to and function under the guidance of the COP.<sup>10</sup> The COP also retains the authority to approve the termination of the Fund based on a recommendation by the Board.<sup>11</sup>
11. The COP will provide guidance to the Board, including on matters related to policies, programme priorities and eligibility criteria, and matters related thereto.<sup>12</sup> The COP has confirmed that all developing country Parties to the Convention are eligible to receive resources from the Fund.<sup>13</sup> The Board will take appropriate actions in response to the guidance received and will report to the COP annually.<sup>14</sup>
12. The annual reports shall include:<sup>15</sup>
- (a) Information on the implementation of policies, programme priorities and eligibility criteria provided by the COP, including information on the extent to which COP guidance has been adhered to by the Board;

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<sup>5</sup> Governing Instrument, paragraph 19.

<sup>6</sup> Governing Instrument, paragraph 24.

<sup>7</sup> Governing Instrument, paragraph 60, 68 & 69.

<sup>8</sup> Governing Instrument, paragraph 46.

<sup>9</sup> Governing Instrument, paragraphs 45, 47 & 48; decision B.01-13/06, paragraph (c) (ii).

<sup>10</sup> Governing Instrument, paragraph 4.

<sup>11</sup> Governing Instrument, paragraph 72.

<sup>12</sup> Governing Instrument, paragraph 6 (a) and decision 5/CP.19, Annex.

<sup>13</sup> Decision 4/CP.19, paragraph 10 and Governing Instrument paragraph 35.

<sup>14</sup> Governing Instrument, paragraph 6 (b) and (c).

<sup>15</sup> Decision 5/CP.19, Annex, paragraphs 11–15, and 17 (b).

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- (b) A synthesis of the different activities under implementation and a listing of the activities approved, as well as a financial report;
  - (c) Information on all activities financed by the Fund;
  - (d) Actions undertaken to balance the allocation of resources between adaptation and mitigation activities under the Fund;
  - (e) Information on the development and implementation of mechanisms to draw on appropriate expert and technical advice, including from the relevant thematic bodies established under the Convention, as appropriate; and
  - (f) Information on resource mobilization and the available financial resources, including any replenishment processes, in its annual reports to the COP.

13. In addition, the Fund will include in its annual reports to the COP the recommendations of its independent redress mechanism, and any action taken by the Board in response to those recommendations. In this context, the COP may also provide the Fund with additional guidance to clarify policies, programme priorities and eligibility criteria as they impact funding decisions.<sup>16</sup>

14. In the context of developing and implementing mechanisms to draw on appropriate expert and technical advice, the COP has requested the Board to initiate a process to collaborate with the Adaptation Committee and the Technology Executive Committee, as well as other relevant thematic bodies under the Convention, to define linkages between the Fund and these bodies, as appropriate.<sup>17</sup>

15. Further guidance from the COP will be based, inter alia, upon a thorough consideration of the annual reports of the Fund submitted by the Board to the COP.

## IV. Board

16. The Board has a key role in the governance of the Fund as emphasized by paragraph 5 of the Governing Instrument: *"The Fund will be governed and supervised by a Board that will have full responsibility for funding decisions."*

### 4.1 Composition

17. The Board is composed of 24 members, with an equal number of members from developing and developed country Parties. Each member has an alternate member, who is entitled to participate in the meetings of the Board only through the principal member, without the right to vote, unless they are serving as the member.<sup>18</sup>

18. The members of the Board and their alternates will be selected by their respective constituency or regional group within a constituency. Representation from developing country Parties includes representatives of relevant United Nations regional groupings and representatives from small island developing States (SIDS) and least developed countries (LDCs). Due consideration will be given to gender balance.<sup>19</sup>

19. Two civil society representatives, one each from developing and developed countries, and two private sector representatives, one each from developing and developed countries, participate as active observers in the Board's meetings.<sup>20</sup>

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<sup>16</sup> Decision 5/CP.19, Annex, paragraph 9.

<sup>17</sup> Decision 6/CP.18, paragraph 7 (f).

<sup>18</sup> Governing Instrument, paragraphs 9–10.

<sup>19</sup> Governing Instrument, paragraphs 9 and 11.

<sup>20</sup> Governing Instrument, paragraph 16.

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## 4.2 Chairmanship

20. Two Co-Chairs of the Board will be elected by the Board members from within their membership to serve for a period of one year, with one being a member from a developed country Party and the other being a member from a developing country Party.<sup>21</sup> The term of their chairmanship starts from the date of their election and continues until their successors have been elected.<sup>22</sup>

21. If a Board member is elected as Co-Chair, that member may request his or her alternate member to express the respective constituency's or regional group's viewpoint in deliberations. However, the Board member retains the right to vote if a formal vote is called.<sup>23</sup>

22. In the event that a Co-Chair is unable to attend a Board meeting, the Board shall elect another Board member to assume the functions of Co-Chair for the duration of the meeting.<sup>24</sup>

23. The duties of the Co-Chairs are as follows:<sup>25</sup>

- (a) They shall act in the best interests of the Fund, and shall share and allocate between themselves responsibility for chairing Board meetings;
- (b) They are responsible for the opening, conduct, suspension and adjournment of the meeting, and for all procedural matters, including, but not limited to, according the right to speak, putting questions to a vote if consensus is not reached and announcing the results of any formal votes taken;
- (c) They rule on points of order and any such determination is final unless a Board member objects;
- (d) Before the end of each meeting, they will present a draft report of the meeting, containing the decisions of the meeting, for consideration and approval by the Board;
- (e) They will seek support for the Fund and the work of the Board;<sup>26</sup> and
- (f) They may represent the Board at external meetings and report back to the Board on those meetings. They may also, acting jointly, delegate this function.

24. The Co-Chairs will verify the existence of a quorum at the beginning of the meeting and at the time of the adoption of any decision at the meeting, as well as at the time of the adoption of the meeting report, and at the request of a Board member.<sup>27</sup>

25. The Co-Chairs shall guide the Secretariat in making all arrangements for the meetings of the Board, and approve the preparation and distribution of the provisional agenda for each meeting.<sup>28</sup>

26. In the case of an extraordinary meeting, the Co-Chairs, acting jointly, shall determine the date by which notification to the Board members has to be made, taking into account the urgency of the matter.<sup>29</sup> In the case of extraordinary meetings and in exceptional circumstances where, in the view of the Co-Chairs, a shorter period for the transmission of documentation is

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<sup>21</sup> Governing Instrument, paragraph 13.

<sup>22</sup> Decision B.01-13/01, paragraph (d).

<sup>23</sup> Decision B.01-13/01, paragraph (d).

<sup>24</sup> Decision B.01-13/01, paragraph (d).

<sup>25</sup> Decision B.01-13/01, paragraph (d).

<sup>26</sup> Annex III to document GCF/B.02-12/02.

<sup>27</sup> Decision B.01-13/01, paragraph (e).

<sup>28</sup> Decision B.01-13/01, paragraphs (e) and (g).

<sup>29</sup> Decision B.01-13/01, paragraph (e).

warranted, they, acting jointly, shall determine the date by which the said documentation has to be transmitted to the Board.<sup>30</sup>

27. The Co-Chairs, acting jointly, and in consultation with the Board, may invite other observers and/or experts to any Board meeting.<sup>31</sup>

### 4.3 Decision-making

28. Decisions of the Board are taken by consensus of the Board members, and a two-thirds majority of Board members must be present at a meeting to constitute a quorum.<sup>32</sup> Consensus exists when no objection is stated by any Board member or alternate member acting on behalf of a Board member.<sup>33</sup>

29. If a Board member is elected as Co-Chair, that member may request his/her alternate member to express the respective constituency's or regional group's viewpoint in deliberations. However, the Board member retains the right to vote if a formal vote is called.<sup>34</sup>

30. Decisions without a Board meeting may occur on an extraordinary basis when, in the judgement of both Co-Chairs, a decision must be taken by the Board that should not be postponed to the next Board meeting.<sup>35</sup>

- (a) The Secretariat, with the approval of the Co-Chairs, shall transmit to Board members and alternate members a proposed decision with the invitation to approve the decision on a no-objection basis within a prescribed period (generally 21 days but in urgent cases no less than one week).
- (b) At the expiration of the period prescribed for replies, the decision will be deemed approved unless there is an objection. If an objection has been received, the Co-Chairs will work through the objection with the Board member directly. If the objecting Board member upholds his/her objection following discussion with the Co-Chairs, the proposed decision will be considered by the Board at the following meeting. Decisions approved in-between meetings shall be recorded in the report of the following Board meeting. It will also be published on the website of the Fund.
- (c) The provisions on quorum and other rules set forth in the additional rules of procedure shall apply mutatis mutandis to the aforementioned procedure.

### 4.4 Role and functions

31. The Board of the Fund will have the following functions:<sup>36</sup>

- (a) Oversee the operation of all relevant components of the Fund;
- (b) Approve operational modalities, access modalities and funding structures;
- (c) Approve specific operational policies and guidelines, including for programming, project cycle, administration, and financial management;
- (d) Approve funding in line with the Fund's principles, criteria, modalities, policies and programmes;

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<sup>30</sup> Decision B.01-13/01, paragraph (e).

<sup>31</sup> Decision B.01-13/01, paragraph (b).

<sup>32</sup> Governing Instrument, paragraphs 14 and 15.

<sup>33</sup> GCF/B.01-13/02/Rev.01, Annex IX, paragraph 1.

<sup>34</sup> Decision B.01-13/01, paragraph (d).

<sup>35</sup> Decision B.01-13/01, paragraph (h).

<sup>36</sup> Governing Instrument, paragraph 18.



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- (e) Develop environmental and social safeguards and fiduciary principles and standards that are internationally accepted;
  - (f) Develop criteria and application processes for the accreditation of implementing entities of the Fund and accredit implementing entities and withdraw such accreditation;
  - (g) Establish subcommittees and panels and define their terms of reference, as appropriate;
  - (h) Establish additional thematic windows and/or substructures to address specific activities, as appropriate;
  - (i) Establish a framework for the monitoring and evaluation of performance and the financial accountability of activities supported by the Fund and any necessary external audits;
  - (j) Review and approve the administrative budget of the Fund and arrange for performance reviews and audits;
  - (k) Appoint the Executive Director of the Secretariat;
  - (l) Appoint the head of the Independent Evaluation Unit and the heads of all accountability units;
  - (m) Receive guidance and take action in response to any guidance from the COP and prepare annual reports to the COP on its activities;
  - (n) Develop working and coordination arrangements with other relevant bodies under the Convention and other relevant international institutions;
  - (o) Select, appoint and enter into legal and administrative arrangements with the Trustee; and
  - (p) Exercise such other functions as may be appropriate to fulfil the objectives of the Fund.

## 4.5 Committees and panels

32. The Board may establish committees, panels and groups from among its members and/or alternate members as may be required for the conduct of its business.<sup>37</sup> The Board will define their purpose and functions, as well as their mode of operation, in their respective terms of reference, and will consider general guidelines for committees, panels, and groups at a later stage.<sup>38</sup>

33. Committees shall assist the Board in its decision-making, and shall exercise any delegated authority under the overall authority and direction of the Board, which may revoke such delegated authority under the same procedures in place for the original delegation of authority.<sup>39</sup>

34. The Board may establish, on a permanent or temporary basis, technical and expert panels to assist it in the performance of its functions. Technical or expert panels may include but need not be limited to Board members and alternate members, and generally shall have advisory functions only.<sup>40</sup>

35. The Rules of Procedure of the Board will apply *mutatis mutandis* to the committees, panels and groups established, except as decided otherwise by the Board.<sup>41</sup>

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<sup>37</sup> Rules of procedure, paragraph 30.

<sup>38</sup> Decision B.05/12.

<sup>39</sup> Rules of procedure, paragraph 31.

<sup>40</sup> Rules of procedure, paragraph 32.

<sup>41</sup> Rules of procedure, paragraph 1.

36. By its decision B.05/13, taken at its October 2013 meeting, the Board took a decision to create the following committees and panels:

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

37. The Board also requested a team of four Board members/alternate members to oversee the development of the guiding framework for the Fund's accreditation process.<sup>42</sup>

38. The Risk Management Committee, the Investment Committee, and the Ethics and Audit Committee are standing committees of the Board.<sup>43</sup> The Private Sector Advisory Group will exist for an initial duration of three years.<sup>44</sup> The Board will evaluate the usefulness and continued necessity of the Risk Management Committee, the Investment Committee and the Private Sector Advisory Group three years following their establishment.<sup>45</sup>

39. The roles and functions of the Board's committees, panels and teams, and the composition and term of their members and experts, are summarized in table 1.

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<sup>42</sup> Decision B.05/08.

<sup>43</sup> GCF/B.05/23, Annexes XVI-XVIII.

<sup>44</sup> GCF/B.05/23, Annex XIX.

<sup>45</sup> GCF/B.05/23, Annexes XVI, XVII and XIX.

**Table 1: The Board's committees, panels and teams: Role, functions and composition and term of members and experts**

Role and Functions	Composition and term of members and experts
<b>Risk Management Committee<sup>46</sup></b>	
<p>Ensure the development of an appropriate risk management framework for the Fund, enabling the Fund to exert due diligence and manage its risks prudently. This includes:</p> <ul style="list-style-type: none"> <li>(a) Overseeing the development and implementation by the Secretariat of an initial financial risk management framework, and, in a second stage, overseeing the development and implementation of a risk management framework that covers other types of risks to the Fund;</li> <li>(b) Overseeing and reviewing a register of strategic risks across the Fund;</li> <li>(c) Monitoring the management by the Secretariat of the Fund's overall risk profile, including risks relating to the Private Sector Facility, to confirm that the Fund is operating within Board-approved risk limits;</li> <li>(d) Reviewing and providing recommendations on periodic risk management reports and/or notification of material breaches of risk limits or procedures, as provided by the Secretariat;</li> <li>(e) Reviewing and providing recommendations on independent evaluations of the implementation of sound risk management practices by the Fund;</li> <li>(f) Supporting the Executive Director in ensuring the continuous development of a risk- and compliance-aware culture in the Fund; and</li> <li>(g) Considering any other risk-related matters the Board deems appropriate.</li> </ul>	<p>Board/alternate members (three from developed countries and three from developing countries):</p> <ul style="list-style-type: none"> <li>(a) Mr. Irfa Ampri;</li> <li>(b) Mr. Arnaud Buisse;</li> <li>(c) Ms. Irene Jansen;</li> <li>(d) Mr. David Kaluba;</li> <li>(e) Mr. Tosi Mpanu Mpanu;</li> <li>(f) Mr. Kentaro Ogata</li> </ul> <p>Initial term: 18 months</p> <p>The Executive Director may attend the meetings of the Risk Management Committee in an advisory capacity.</p>

<sup>46</sup> GCF/B.05/23, Annex XVI.

Role and functions	Composition and term of members and experts <sup>47</sup>
<b>Investment Committee</b> <sup>48</sup>	
<p>To develop and review the Fund's investment strategies and instruments, and recommend their approval to the Board, in particular relating to the Private Sector Facility and in accordance with the Fund's objectives and result areas, social and environmental safeguards and risk management framework. This includes:</p> <ul style="list-style-type: none"> <li>(a) Overseeing development by the Secretariat of the Fund's investment framework;</li> <li>(b) Reviewing and making recommendations to the Board on implementing the investment strategy and financial instruments, including with regard to their economic viability and alignment and compliance with the Fund's objectives, social and environmental safeguards and risk management framework;</li> <li>(c) Overseeing and reviewing periodic assessments by the Secretariat of the Fund's portfolios to ensure consistency with the Fund's investment strategy;</li> <li>(d) Reviewing and recommending for Board consideration proposed amendments to the Fund's investment-related policies and the use of various financial instruments; and</li> <li>(e) Considering any other investment-related matters that the Board deems appropriate.</li> </ul>	<p>Board/alternate members (three from developed countries and three from developing countries):</p> <ul style="list-style-type: none"> <li>(a) Mr. Dipak Dasgupta</li> <li>(b) Mr. Henrik Harboe</li> <li>(c) Mr. Rodrigo Rojo</li> <li>(d) Mr. Josceline Wheatley</li> <li>(e) Mr. Liang Ziqian</li> <li>(f) Mr. Ewen McDonald</li> </ul> <p>Initial term: 18 months</p> <p>The Executive Director may attend the meetings of the Investment Committee in an advisory capacity.</p>

<sup>47</sup> Note that the role of the Trustee is to invest the liquid balances in the Green Climate Fund Trust Fund and that it has no operational role in the Fund or on the Board's Investment Committee (GCF/B.05/24, paragraph 149).

<sup>48</sup> GCF/B.05/23, Annex XVII.

Role and functions	Composition and term of members and experts
<b>Ethics and Audit Committee</b> <sup>49</sup>	
<p>To consider and provide guidance on issues of conflict of interest, confidentiality, ethics, financial management, procurement and other audit functions as they relate to the Board of the Fund.<sup>50</sup> This includes:</p> <ul style="list-style-type: none"> <li>(a) Overseeing the development of a draft Board policy on transparency, ethics and conflict of interest, including the issue of confidentiality;</li> <li>(b) Overseeing the implementation of, and compliance with, the Board policy on ethics and conflict of interest, including by providing recommendations on any breaches of the policy;</li> <li>(c) Providing guidance on the development and review implementation of, and compliance with, the Fund's comprehensive information disclosure policy;</li> <li>(d) Providing recommendations for the establishment of the Fund's Independent Integrity Unit and independent redress mechanism;</li> <li>(e) Providing advice to the Board on policy and strategy matters relating to financial reporting and audit requirements for the Fund;</li> <li>(f) Reviewing and making recommendations to the Board on audits of the administrative budget, as necessary;</li> <li>(g) Reviewing and making recommendations to the Board on external audit reports; and</li> <li>(h) Considering any other matters the Board deems appropriate.</li> </ul>	<p>Board/alternate members (three from developed countries and three from developing countries):</p> <ul style="list-style-type: none"> <li>(a) Mr. Omar El-Arini</li> <li>(b) Ms. Ana Fornells de Frutos</li> <li>(c) Mr. Marcin Korolec</li> <li>(d) Mr. Leonardo Martinez</li> <li>(e) Mr. Ayman M. Shasly</li> <li>(f) Mr. Kwang-Yeol Yoo</li> </ul> <p>Term: not specified</p>

<sup>49</sup> GCF/B.05/23, Annex XVIII.

<sup>50</sup> Note that the Executive Director will put in place structures that consider and provide guidance on issues of conflict of interest, confidentiality, ethics, financial management, procurement and other audit functions as they relate to the Secretariat.

Role and Functions	Composition and term of members and experts
<b>Private Sector Advisory Group (Panel)</b> <sup>51</sup>	
<p>To make recommendations to the Board on the Fund-wide engagement with the private sector and modalities to that end. This includes:</p> <p>(a) Making recommendations to the Board on how the Fund, including its Private Sector Facility, should engage the private sector in order to catalyse, mobilize and leverage flows of private climate finance in developing countries and make best use of the knowledge on best available technologies;</p> <p>(b) Making recommendations to the Board on the design and application of the Fund’s policies, procedures and financial instruments as they relate to engagement with the private sector;</p> <p>(c) Making recommendations to the Board on engaging the private sector in climate-resilient development, particularly in Africa, and in adaptation activities at national, regional and international levels;</p> <p>(d) Making recommendations to the Board on promoting the participation of private sector actors in low-emission and climate-resilient development in developing countries, in particular local actors, including small- and medium-sized enterprises and local financial intermediaries;</p> <p>(e) Making recommendations to the Board on activities to enable private sector engagement in low-emission and climate-resilient development in small island developing States and least developed countries; and</p> <p>(f) Responding to other matters on which its advice is sought by the Executive Director or the Board.</p>	<p>Board/alternate members (two from developed countries, two from developing countries):</p> <p>(a) Mr. Zaheer Fakir;</p> <p>(b) Mr. Anton Hilber;</p> <p>(c) Mr. Farrukh Iqbal Khan;</p> <p>(d) Mr. C. Alexander Severens.</p> <p>Initial term: 18 months</p> <p>International experts, serving in an individual capacity, including five from developing countries (four from the private sector and one from civil society) and five from developed countries (four from the private sector and one from civil society):</p> <p>(a) Mr. Dipal Chandra Barua, Founder &amp; Chairman, Bright Green Energy Foundation;</p> <p>(b) Mr. Aurelio Souza, Consultant/former Country Director and Legal Representative, Brazil office, Winrock International (civil society);</p> <p>(c) Mr. Rodrigo Violic, Head of Project Finance, Banco BICE;</p> <p>(d) Mr. Inderpreet Wadhwa, Founder and CEO, Azure Power;</p> <p>(e) Mr. Kevin Whitfield, Head, African Treasuries, Carbon and Financial Products, Nedbank;</p> <p>(f) Ms. Amal-Lee Amin, Associate Director, E3G (civil society);</p> <p>(g) Mr. David Bresch, Head, Sustainability, Swiss Reinsurance Company Ltd;</p> <p>(h) Mr. Jay Koh, Partner and Managing Director, Siguler Guff and Company;</p> <p>(i) Mr. Torben Möger Pedersen, CEO, PensionDanmark;</p> <p>(j) Mr. Hiroyuki Tezuka, General Manager, Climate Change Policy Group, JFE Steel Corporation.</p> <p>Initial term: 18 months</p> <p>The two private sector and two civil society active observers on the Board may, in an observer capacity only, attend Private Sector Advisory Group (PSAG) meetings. All members of the PSAG must have: expertise in climate finance and investment; expertise in leveraging and/or mobilizing private finance in developing countries; or expertise in private sector activities and technologies relating to low-emission and climate-resilient development.</p>

Role and Functions	Composition and term of members and experts
<b>Board Team on Accreditation</b> <sup>52</sup>	
<p>To oversee the development of the guiding framework for the Fund's accreditation process. This includes:</p> <ul style="list-style-type: none"> <li>(a) The Fund's own environmental and social safeguards and fiduciary principles and standards;</li> <li>(b) The criteria and application procedures for the accreditation of intermediaries and implementing entities of the Fund;</li> <li>(c) The most appropriate governance and organizational approach for the Fund's accreditation process, including an Independent Technical Advisory Function to conduct the accreditation process, taking into account the draft guiding framework for the Fund's accreditation process (GCF/B.05/23, Annex X), and the terms of reference of the Independent Advisory Function of the Secretariat (GCF/B.05/23, Annex XI), as appropriate;</li> <li>(d) An assessment of the list of the institutions accredited by other funds (as contained in GCF/B.05/23, Annex VIII) in light of the development of the guiding framework for the accreditation process of the Fund; and</li> <li>(e) Additional modalities that further enhance direct access, including through funding entities, with a view to enhancing country ownership of projects and programmes.</li> </ul>	<p>Board members:</p> <ul style="list-style-type: none"> <li>(a) Mr. Arnaud Buisse</li> <li>(b) H.E. Mr. Jan Cedergren</li> <li>(c) Mr. Patrick McCaskie</li> <li>(d) Mr. David Kaluba</li> </ul> <p>Term: Not specified</p> <p>Senior international experts:</p> <ul style="list-style-type: none"> <li>(a) Mr. Peter Richard Carter</li> <li>(b) Mr. Gonzalo Castro de la Mata</li> <li>(c) Mr. Wolfgang Diernhofer</li> <li>(d) Ms. Isna Marifa</li> </ul> <p>Term: Ends no later than the conclusion of the second Board meeting in 2014</p>

<sup>52</sup> Decision B.05/08.

40. At its seventh meeting, the Board will consider a proposal to establish an Accreditation Panel, which will be in charge of conducting the accreditation process in accordance with its terms of reference.<sup>53</sup> According to this proposal, the Board Team on Accreditation will be requested to serve in the first term of the Fund's Accreditation Panel, with a Board member or alternate member serving as its chair and another as its vice-chair. The Board Team on Accreditation will also be requested to propose the appointment of one additional experts to the Panel by its eighth meeting in October 2014.

41. At its seventh meeting, the Board will consider a proposal to adopt the Fund's initial financial risk management framework.<sup>54</sup> The governance arrangement includes the allocation of roles and responsibilities related to the Fund's financial risk governance, whereby the Board's Risk Management Committee will oversee of the Fund's risk management, review financial statements, the portfolio and risk summary, recommend risk ceilings (the Fund's risk appetite or risk limit) for the Board's approval, assess compliance of the Fund's financial risk levels with the ceilings, provide guidance to the Secretariat on portfolio risk, report financial risk to the Board, and manage the annual Committee of Sponsoring Organizations of the Treadway Commission (COSO) risk self-assessment for the Board.<sup>55</sup>

42. At its eighth meeting, the Board will consider 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.<sup>56</sup>

43. In order to respond to its decision to integrate gender considerations in the preparation of draft policy documents and draft documents containing operational modalities (decision B.06/07), the Board may wish to give due consideration to gender balance and gender competencies in deciding the composition of committees, panels and groups in the future.

44. In order to respond to its decision to integrate gender considerations in the preparation of draft policy documents and draft documents containing operational modalities (decision B.06/07), the Board may also wish to request the PSAG to make recommendations to the Board regarding gender-sensitive engagement with the private sector. This may include the promotion of participation of female and male private sector actors, particularly local actors, in low-emission and climate-resilient development in developing countries.

## V. Secretariat

45. In accordance with paragraph 19 of the Governing Instrument, the Board established the Secretariat of the Fund at its fifth meeting in October 2013.<sup>57</sup> The Secretariat will be fully independent, in service of and accountable to the Board, and have effective management capabilities to execute the day-to-day operations of the Fund.<sup>58</sup>

### 5.1 Functions

46. In accordance with paragraph 23 of the Governing Instrument, the Secretariat will:
- (a) Organize and execute all administrative duties;

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<sup>53</sup> GCF/B.07/02.

<sup>54</sup> GCF/B.07/05, Annex II.

<sup>55</sup> GCF/B.07/05, Annex II.

<sup>56</sup> Decision B.06/08.

<sup>57</sup> Decision B.05/11.

<sup>58</sup> Governing Instrument, paragraph 19.



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

## 5.2 Executive Director

47. The Secretariat is headed by an Executive Director who is appointed by and accountable to the Board.<sup>59</sup> At its fourth meeting, the Board decided by consensus to select Ms. Hela Cheikhrouhou for the post of the Executive Director of the Fund.<sup>60</sup>

## 5.3 Structure and staffing

48. At its fifth meeting, the Board approved the initial structure of the independent Secretariat, authorized the Executive Director to recruit initial staff based on the job profiles and staffing table (see Table 2 below), and endorsed a process and timeframe for implementing the proposed initial structure of the Secretariat.<sup>61</sup> Staff selection is open, transparent, based on merit and takes into account geographical and gender balance.<sup>62</sup> Staffing is expected to evolve to respond to the capacity needed in the Secretariat, including for the Private Sector Facility.

49. The academic qualifications and professional requirements for the different positions are guided by an administrative framework that is consistent with the Asian Development Bank's (ADB) practices and the administrative policies of the Fund (GCF/B.06/18, Annex I) approved by the Board at its sixth meeting.<sup>63</sup>

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<sup>59</sup> Governing Instrument, paragraph 20.

<sup>60</sup> Decision B.04/02.

<sup>61</sup> Decision B.05/10.

<sup>62</sup> Governing Instrument, paragraph 21.

<sup>63</sup> Decisions B.04/03 and B.06/03.

**Table 2: Indicative staffing allocation and key responsibilities<sup>64</sup>**

[Note: The staffing table presents an indicative staffing allocation in the respective divisions; however the Executive Director may need to reassign staff.]

Function	Key responsibilities in 2014 and initial phase
Advisor to Executive Director	<ul style="list-style-type: none"> <li>- Perform tasks relating to the coordination of the front office of the Executive Director;</li> <li>- Assist the Executive Director with necessary follow-up across the Secretariat to ensure timely progress on various initiatives.</li> </ul>
<b>Country Programming Director/Deputy Executive Director</b>	<ul style="list-style-type: none"> <li>- Manage and oversee the work programme of the Country Programming division;</li> <li>- Act as officer-in-charge for the Secretariat when the Executive Director is away.</li> </ul>
Accreditation, including environmental and social safeguards, and fiduciary standards (Procurement and financial management) (6 specialists)	<ul style="list-style-type: none"> <li>- Coordinate the accreditation process;</li> <li>- Assist countries in selecting and nominating implementing entities;</li> <li>- Assist intermediaries and implementing entities with readiness and preparatory support;</li> <li>- Liaise with regional and international institutions interested in being accredited as intermediaries, funding entities and/or implementing entities, and provide assistance as needed.</li> </ul>
Country operational dialogue (3 specialists)	<ul style="list-style-type: none"> <li>- Lead and coordinate the operational dialogue with developing countries, including through the selection and strengthening of national designated authorities (NDAs) or focal points;</li> <li>- Assess and support readiness of countries in terms of enabling institutional, regulatory and policy framework, including nationally appropriate mitigation actions (NAMAs), national adaptation programmes of action (NAPAs), national adaptation programmes (NAPs), etc.;</li> <li>- Facilitate the work of the Mitigation and Adaptation Windows and Private Sector Facility (PSF) divisions to support implementing entities and countries in building a pipeline of potentially eligible projects and programmes.</li> </ul>
Monitoring and evaluation (1 specialist)	<ul style="list-style-type: none"> <li>- Operationalize the result management framework into toolkits, logical frameworks and templates;</li> <li>- Set up the basis for data collection and tracking the performance of projects and programmes, countries, implementing entities and the Fund;</li> <li>- Conduct impact assessment.</li> </ul>

<sup>64</sup> GCF/B.05/23, Annex XIV.

<b>Mitigation/Adaptation Director</b>	Manage and oversee the work programme of the Mitigation and Adaptation Windows division
Mitigation and Adaptation team (4 specialists)	<ul style="list-style-type: none"> <li>- Provide countries with thematic readiness support, working with the Country Programming division;</li> <li>- Identify through operational dialogue possible pipeline of programmatic approaches and sector interventions;</li> <li>- Operationalize the type of interventions to will contribute to progress towards the Fund's result areas;</li> <li>- Implement thematic allocation and assess the performance of the portfolio;</li> <li>- Manage knowledge relating to operational learning in mitigation and adaptation;</li> <li>- Prepare operational documents such as templates, toolkits, and guidelines needed for proposal review cycle.</li> </ul>
<b>Private Sector Facility Director</b>	Manage and oversee the work programme of the Private Sector Facility division
Private Sector Facility team (4 experts)	<ul style="list-style-type: none"> <li>- Formulate proposals for the PSF-related aspects of the investment strategy and risk management strategy;</li> <li>- Develop modalities and procedures for PSF operations, including operational documents needed such as templates, toolkits, and guidelines needed for proposal review cycle;</li> <li>- Work with the Country Programming division on readiness support to potential intermediaries and to NDAs or focal points, where relevant to developing the PSF portfolio;</li> <li>- Reach out to potential private sector entities;</li> <li>- Work on innovative financial instruments (e.g. guarantees, insurance, equity).</li> </ul>
<b>External Affairs Director</b>	Manage and oversee the work programme of the External Affairs division
Resource mobilization (2 specialists)	<ul style="list-style-type: none"> <li>- Organize technical-level dialogue with potential contributors;</li> <li>- Coordinate technical analyses, documents and presentations, as required by potential contributors;</li> <li>- Provide support and information as needed to other divisions regarding the potential level of financial inputs and country allocations;</li> <li>- Explore possible private contributors and alternative sources;</li> <li>- Carry out logistical organization of multilateral resource mobilization meetings, including formal pledging meetings.</li> </ul>

Communication and outreach (2 specialists)	<ul style="list-style-type: none"> <li>- Implement communication strategy;</li> <li>- Implement information disclosure policy;</li> <li>- Harness media engagement opportunities and carry out media monitoring;</li> <li>- Provide communication and media support to core activities of the Fund, including through the website;</li> <li>- Organize workshops for awareness-raising.</li> </ul>
Board logistics and liaison (2 specialists)	<ul style="list-style-type: none"> <li>- Prepare Board meeting communications;</li> <li>- Take care of logistical arrangements for Board, committee, panel, group and workshop meetings;</li> <li>- Liaise with meeting hosts and host governments.</li> </ul>
<b>Operational Support Services Director</b>	Manage and oversee the work of the Operational Support Services division
Legal (2 specialists)	<ul style="list-style-type: none"> <li>- Provide a comprehensive range of legal services to the Board and the Secretariat on the interpretation of treaties and legal instruments;</li> <li>- Advise on agreements and cooperative arrangements;</li> <li>- Establish the administrative and operational legal framework;</li> <li>- Conduct operational legal due diligence.</li> </ul>
Human resources (2 specialists)	<ul style="list-style-type: none"> <li>- Oversee orderly move to the headquarters;</li> <li>- Coordinate recruitment;</li> <li>- Oversee the implementation of human resources strategies, policies, procedures and systems, including the provision of staff services, entitlements and payments.</li> </ul>
Finance/risk management (2 specialists)	<ul style="list-style-type: none"> <li>- Record and report financial statements;</li> <li>- Coordinate corporate procurement activities;</li> <li>- Coordinate the preparation, and later the implementation, of the risk management strategy of the Fund.</li> </ul>
Information and communication technology (2 specialists)	<ul style="list-style-type: none"> <li>- Oversee the work of service providers to ensure that high quality information and communication technology systems are in place in the headquarters;</li> <li>- Implement the enterprise resource planning system, content management system, document management system, no-objection procedure, online accreditation system and online results management framework.</li> </ul>

50. The directors of the five divisions, together with the Executive Director, form the management team of the Secretariat. They will be leaders and expert individuals with substantive experience and demonstrated success, both academically and in their professional careers. Extensive cross-cultural leadership skills and demonstrated ability to manage timelines, dependencies and deliverables will be a pre-requisites. Among other tasks, they will be responsible for:<sup>65</sup>

- (a) Overseeing, planning, implementing, managing, reviewing and controlling the operations of their divisions;
- (b) Establishing and maintaining collaborative relationships internally (e.g. with the other divisions), as well as externally;
- (c) Providing strategic and operational guidance and advice to the Executive Director;
- (d) Optimizing the potential of their respective teams through leadership, and using learning and development and continuous coaching to harness and develop this potential to optimally benefit the Fund;
- (e) Establishing a culture of performance and ensuring the delivery of the high volume of outputs while respecting work–life balance; and
- (f) Supporting the values and objectives of the Fund.

51. The specialist roles will be varying in level, from entry- to mid- and senior-level specialists. The levels of the posts will be determined based on the complexity of tasks and responsibilities, as well as the experience and educational background required to fulfil the functions of the respective post. The specialists will be responsible, among other tasks, for:<sup>66</sup>

- (a) Providing substantive support for and contributing to the design and implementation of the work plan of their division;
- (b) Proposing ideas and strategies for enhancing institutional capacity;
- (c) Performing assessments, analyses, and forecasts;
- (d) Establishing and maintaining collaborative relationships;
- (e) Ensuring deadlines are met and the quality of their outputs is high; and
- (f) Supporting the values and objectives of the Fund.

52. At its seventh meeting, the Board will consider a proposal to adopt the Fund's initial financial risk management framework.<sup>67</sup> The governance arrangement includes the allocation of roles and responsibilities related to the Fund's financial risk governance, whereby the Chief Financial Officer (and Risk Manager) of the Secretariat will be responsible for the preparation of financial statements, preparation of annual portfolio reviews, management of external audit processes, review of the financial reporting from the Trustee (and implementing entities and intermediaries), preparation of periodic financial risk management summaries, and development of the asset-liability management process.<sup>68</sup>

53. The support staff will provide general overall support, but also, where applicable, specific support, through a legal clerk, an HR clerk, etc.<sup>69</sup>

54. In order to respond to its decision to integrate gender considerations in the preparation of draft policy documents and draft documents containing operational modalities (decision

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<sup>65</sup> GCF/B.05/23, Annex XIV.

<sup>66</sup> GCF/B.05/23, Annex XIV.

<sup>67</sup> GCF/B.07/05, Annex II.

<sup>68</sup> GCF/B.07/05, Annex II.

<sup>69</sup> GCF/B.05/23, Annex XIV.

B.06/07), the Secretariat will take gender balance and gender competencies into account when recruiting the management team and specialist roles of the Secretariat.

## 5.4 Working groups

55. The Executive Director and the Directors of the five divisions of the Secretariat together form the management team of the Secretariat.<sup>70</sup> Among their tasks, the management team will be responsible for establishing and maintaining collaborative relationships internally with other divisions, as well as externally.<sup>71</sup> In order to effectively implement such collaborative tasks, the Executive Director may establish working groups within the Secretariat as may be necessary to execute its functions relating to the day-to-day operations of the Fund. One such working group will be the Risk Working Group, which will, inter alia, monitor the financial risks of the Fund's outstanding portfolio (see para 46 (h) above).

56. At its seventh meeting, the Board will consider a proposal to adopt the Fund's initial financial risk management framework.<sup>72</sup> The governance arrangement includes the allocation of roles and responsibilities related to the Fund's financial risk governance, whereby the Secretariat's Risk Working Group will review financial statements, the portfolio and risk summary, integrate portfolio-level risk data into the Secretariat's due diligence as part of the approval process for project and programme funding, and manage the annual Committee of Sponsoring Organizations of the Treadway Commission (COSO) risk self-assessment for the Secretariat.

## 5.5 Location and office space

57. The Fund inaugurated its headquarters in Songdo, Republic of Korea, on 4 December 2013, with the Government of the Republic of Korea providing the Secretariat with office space in G-Tower in Songdo, Incheon Metropolitan City. The Executive Director, immediate support staff and the Board room are located on the twelfth floor.

58. The temporary Secretariat staff team has been using office space on the eleventh floor, with future expansion to the tenth and ninth floors planned, in a phased manner, as more space is required.

## VI. Trustee

59. The Trustee of the Fund will have administrative competence to manage the financial assets of the Fund. It will maintain appropriate financial records and prepare financial statements and other reports required by the Board in accordance with internationally accepted fiduciary standards.<sup>73</sup>

60. The Trustee will only administer assets for the purpose of, and in accordance with, the relevant decisions of the Board. It will hold the assets of the Fund separate and apart from the assets of the Trustee, but may commingle them for administrative and investment purposes with other assets maintained by the Trustee. It will establish and maintain separate records and accounts in order to identify the assets of the Fund.<sup>74</sup>

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<sup>70</sup> GCF/B.05/23, Annex XIV, paragraph 1.

<sup>71</sup> GCF/B.05/23, Annex XIV, paragraph 1 (b).

<sup>72</sup> GCF/B.07/05, Annex II.

<sup>73</sup> Governing Instrument, paragraph 24.

<sup>74</sup> Governing Instrument, paragraph 25.

61. The Trustee will be accountable to the Board for the performance of its responsibilities as Trustee for the Fund.<sup>75</sup>
62. The COP, at its sixteenth session, invited the World Bank to serve as the interim trustee for the Fund, subject to a review three years after operationalization of the Fund.<sup>76</sup> The Governing Instrument of the Fund accordingly stipulates that the World Bank will serve as Interim Trustee of the Fund, subject to a review three years after operationalization of the Fund.<sup>77</sup> The World Bank's Executive Directors agreed that the World Bank would provide interim trustee services to the Fund, and the Green Climate Fund Trust Fund was established at the World Bank for this purpose. The interim trustee arrangement will be in place up to 30 April 2015, unless otherwise agreed between the Board and the World Bank.<sup>78</sup>
63. At the time of approving the Governing Instrument of the Fund, in December 2011, the COP also invited the Board to select the Trustee of the Fund through an open, transparent and competitive bidding process in a timely manner to ensure that there is no discontinuity in trustee services.<sup>79</sup>
64. Since the specific roles and responsibilities of the interim trustee are not described in decision 3/CP.17 or the Governing Instrument, the provisions of the Governing Instrument specifying the roles and responsibilities of the Trustee are understood to apply *mutatis mutandis* to the interim trustee. The roles and responsibilities of the interim trustee have been further established in the *Agreement on the Terms and Conditions for the Administration of the Green Climate Fund Trust Fund between the Green Climate Fund and the International Bank for Reconstruction and Development, serving as the Interim Trustee of the Green Climate Fund Trust Fund*, as approved by the Board and executed by the parties on 15 October 2013.<sup>80</sup>
65. As the interim trustee, the World Bank enters into agreements with contributors and the Fund to receive contributions into the Green Climate Fund Trust Fund, holds and invests such contributions, and transfers them in accordance with Board decisions.
66. Funding decisions of the Board to date have been made to support the administrative budget of the Fund, which covers the costs and expenses of the Board, the Secretariat and the interim trustee, and for the preparation of a detailed programme of work on Readiness and Preparatory Support by the Secretariat.
67. The interim trustee has been providing the Board with the quarterly financial reports on the Green Climate Fund Trust Fund and the annual single audit report covering all cash-based trust funds of the World Bank, which includes the Green Climate Fund Trust Fund.
68. Once the implementing entities and intermediaries have been accredited and projects and programmes have been approved for funding, the interim trustee would make cash transfers to such entities at the instruction of the Board or its authorized designee. Under this arrangement, the Fund would enter into agreements directly with the implementing entities and intermediaries, and the implementing entities and intermediaries would be directly responsible to the Fund for the use of funds. The interim trustee would not enter into agreements with the implementing entities or intermediaries.

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<sup>75</sup> Governing Instrument, paragraph 27.

<sup>76</sup> Decision 1/CP.16.

<sup>77</sup> Governing Instrument, paragraph 26.

<sup>78</sup> Decision B.05/21, Annex XXIV, paragraph 8.4.

<sup>79</sup> Decision 3/CP.17, paragraph 16.

<sup>80</sup> Decision B.05/21, Annex XXIV.

## VII. Independent accountability units

69. The Fund has three independent accountability units for which the board approved terms of reference at its sixth meeting:<sup>81</sup>

- (a) The Independent Evaluation Unit;
- (b) The Independent Integrity Unit; and
- (c) The independent redress mechanism.

70. The Independent Evaluation Unit will periodically evaluate the performance of the Fund in order to provide an objective assessment of the results of the Fund, including its funded activities and its effectiveness and efficiency. The purpose of these independent evaluations is to inform decision-making by the Board and to identify and disseminate lessons learned. The frequency and types of evaluation to be conducted will be specified by the unit in agreement with the Board.<sup>82</sup> Reports of the Fund's Independent Evaluation Unit will be provided to the COP for purposes of periodic reviews of the financial mechanism of the Convention. The COP may commission an independent assessment of the overall performance of the Fund, including Board performance.<sup>83</sup>

71. The Independent Integrity Unit will work with the Secretariat to investigate allegations of fraud and corruption in coordination with relevant counterpart authorities.<sup>84</sup>

72. The independent redress mechanism will receive complaints related to the operation of the Fund, evaluate them, and make recommendations.<sup>85</sup> It will be open, transparent and easily accessible.<sup>86</sup> It 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 Parties (decision 5/CP.19); and
- (b) Address the grievances and complaints by communities and people who have been directly affected by the adverse impacts arising from 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.<sup>87</sup>

73. The modalities for the reconsideration of funding decisions will be developed once the independent redress mechanism is operational.<sup>88</sup>

74. The heads of all three units are appointed by, and report to, the Board, and the Board will consider, at its seventh meeting, a proposal for setting up a Board committee to assist the Board in the appointments, performance reviews, salary decisions and accountability of the heads of these units.<sup>89</sup>

75. The heads of the independent accountability units will serve three-year terms.<sup>90</sup> The terms of the heads of the Independent Integrity Unit and Independent Redress Mechanism are renewable once.<sup>91</sup> Upon termination of service, the head of the Independent Evaluation Unit will

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<sup>81</sup> Decision B.06/09.

<sup>82</sup> Governing Instrument, paragraphs 59 and 60.

<sup>83</sup> Governing Instrument, paragraphs 61 and 62.

<sup>84</sup> Governing Instrument, paragraph 68.

<sup>85</sup> Governing Instrument, paragraph 69.

<sup>86</sup> Decision 5/CP.19, Annex, paragraph 8.

<sup>87</sup> GCF/B.06/18, Annex V.

<sup>88</sup> Decision 5/CP.19, Annex paragraph 10.

<sup>89</sup> Decision B.06/08.

<sup>90</sup> GCF/B.06/18, Annexes III-V.

<sup>91</sup> GCF/B.06/18, Annexes IV and V.



not be eligible for staff positions within the Secretariat.<sup>92</sup> The heads of the Independent Integrity Unit and Independent Redress Mechanism Unit shall not be eligible for any type of employment by the Fund within one year after the date of the end of their appointments.<sup>93</sup>

76. In order to respond to its decision to integrate gender considerations in the preparation of draft policy documents and draft documents containing operational modalities (decision B.06/07), the Board may wish to take gender balance and gender competencies into consideration in the appointment of the heads and staff of the three units, and ensure that gender-sensitivity be applied in their operational modalities.

## VIII. National designated authorities and focal points

77. Recipient countries may appoint a national designated authority (NDA) or mandate a focal point to interact with the Fund, and flexibly decide on its location, structure, operation and governance.<sup>94</sup> At its fourth meeting, the Board requested the Secretariat to make all necessary steps to open a call to developing countries to start the process of designating their NDA or focal point as early as possible, and preferably before June 2014.<sup>95</sup> Responding to this request, the Secretariat has reached out directly to more than 120 countries with letters inviting them to engage with the Green Climate Fund in designating an NDA or a focal point and developing their readiness and preparedness to access the Fund.

78. The Board also decided to consider best-practice guidance for the establishment and composition of an NDA or focal point, as well as options for country coordination and multistakeholder engagement, at its first meeting in 2014.<sup>96</sup> However, the Board is yet to consider this matter. Since the call to countries to start the process of designating their NDA or focal point has already been sent out, the Secretariat may, if the Board so decides, include such guidance to developing countries in subsequent communications with the countries. In developing such guidance, consistent with a country-driven approach, the Board may also wish to take gender considerations into account in order to respond to its decision to integrate gender considerations in the preparation of draft policy documents and draft documents containing operational modalities (Decision B.06/07).

79. Based on the Governing Instrument, as well as Board and COP decisions, a country's national designated authority or focal point will undertake the following functions:

- (a) Recommend to the Board funding proposals in the context of national climate change strategies and plans, including through consultation processes;<sup>97</sup>
- (b) Be consulted on other funding proposals for consideration prior to submission to the Fund, to ensure consistency with national climate strategies and plans;<sup>98</sup>
- (c) Facilitate the communication of nominations of entities to the Fund;<sup>99</sup>
- (d) Seek to ensure consistency of funding proposals from national, subnational, regional and international intermediaries and implementing entities with national plans and strategies;<sup>100</sup>

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<sup>92</sup> GCF/B.06/18, Annex III.

<sup>93</sup> GCF/B.06/18, Annexes IV and V.

<sup>94</sup> Governing Instrument, paragraph 46; Decision B.04/05, paragraphs (c) and (f).

<sup>95</sup> Decision B.04/05, paragraph (g).

<sup>96</sup> Decision B.04/05, paragraph (i).

<sup>97</sup> Governing Instrument paragraph 46; Decision B.04/05, paragraph (e)(i).

<sup>98</sup> Governing Instrument paragraph 46.

<sup>99</sup> Decision B.04/05, paragraphs (e)(ii).

<sup>100</sup> Decision B.04/05, paragraphs (e)(iii).

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- (b) Implement the no-objection procedure to ensure consistency with national climate strategies and plans and a country-driven approach and to provide for effective direct and indirect public and private sector financing by the Fund;<sup>101</sup> and
- (a) Act as the focal point for Fund communication.<sup>102</sup>

## IX. Accredited implementing entities and intermediaries

80. Subnational, national, regional and international implementing entities and intermediaries accredited by the Board will provide access to the Fund's resources.<sup>103</sup> Recipient countries will determine the mode of access – direct (subnational, national or regional) or international – and both modalities can be used simultaneously.<sup>104</sup>

81. In the context of direct access, recipient countries will nominate competent subnational, national and regional implementing entities and intermediaries for accreditation.<sup>105</sup> The Board will also consider additional modalities that further enhance direct access, including through funding entities with a view to enhancing country ownership of projects and programmes.<sup>106</sup>

82. Recipient countries will also be able to access the Fund through accredited international entities, including United Nations agencies, multilateral development banks, international financial institutions and regional institutions.<sup>107</sup>

83. The Board has converged on the need to develop a guiding framework and procedures for the accreditation process of the Fund that enhances country ownership, accommodates different capacities and capabilities of countries, defines the Fund's own fiduciary principles and standards and environmental and social safeguards, and accredits entities in a transparent, objective and credible manner, in line with the Fund's objectives, results and guiding principles.<sup>108</sup>

84. At the request of the Board, a team of four Board members/alternate members together with four senior international experts have been overseeing the development of the guiding framework for the Fund's accreditation process (see table 1 above). The guiding framework will be considered by the Board, at its seventh meeting, in document GCF/B.07/02 *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*.

85. At its seventh meeting, the Board will also consider a proposal to establish an Accreditation Panel, which will be in charge of conducting the accreditation process in accordance with its terms of reference (see paragraph 41 above).

86. At the request of the Board, the Secretariat has also initiated work on provisions for legal and formal arrangements with intermediaries and implementing entities, policies on fees and payments, and any other necessary elements to facilitate the prompt operationalization of the Fund's accreditation process and its access modalities.<sup>109</sup>

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<sup>101</sup> Decision B.04/05, paragraphs (e)(iv); Decision 3/CP.17, paragraph 7.

<sup>102</sup> Decision B.04/05, paragraphs (e)(v).

<sup>103</sup> Governing Instrument, paragraphs 45.

<sup>104</sup> Governing Instrument, paragraphs 45.

<sup>105</sup> Governing Instrument, paragraphs 47.

<sup>106</sup> Governing Instrument, paragraphs 47.

<sup>107</sup> Governing Instrument, paragraph 48.

<sup>108</sup> Decision B.05/08, paragraph (a).

<sup>109</sup> Decision B.05/08, paragraph (h).

87. At its seventh meeting, the Board will consider a proposal to approve role of the implementing entities and intermediaries in the initial approval process.<sup>110</sup> The Board will also consider a proposal on the general principle of delegation of decision-making authority over project-specific proposals within a programme approved by the Board to the accredited implementing entity or intermediary's own decision-making body.<sup>111</sup> The Board may waive such delegated authority at the time of programme approval.<sup>112</sup>

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<sup>110</sup> GCF/B.07/03, Annex I, paragraph (b).

<sup>111</sup> GCF/B.07/03, Annex I, paragraph (c).

<sup>112</sup> GCF/B.07/03, Annex I, paragraph (d).

## **Annex I: Draft decision of the Board**

The Board, having reviewed document GCF/B.07/07 *Structure of the Fund and the Secretariat*:

- (a) Takes note of the document GCF/B.07/07 *Structure of the Fund and the Secretariat*;
- (b) Affirms the structure of the Fund and the Secretariat as reflected in the Governing Instrument, and the decisions of the Board and the COP listed in Annex II;
- (c) Decides to undertake a review of the structure of the Fund and the Secretariat, no later than three years after the initial resource mobilization of the Fund.

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## **Annex II: Governing Instrument, and Decisions of the Board and the COP reflecting the Structure of the Fund and the Secretariat**

Governing Instrument for the Green Climate Fund

Rules of Procedure of the Board

Decision 3/CP.17: Launching the Green Climate Fund

Decision 6/CP.18: Report of the Green Climate Fund to the Conference of the Parties and guidance to the Green Climate Fund

Decision 4/CP.19: Report of the Green Climate Fund to the Conference of the Parties and guidance to the Green Climate Fund

Decision 5/CP.19: Arrangements between the Conference of the Parties and the Green Climate Fund

Decision B.01-13/01: Additional rules of procedure of the Board

Decision B.01-13/06: Business model framework

Decision B.02-12/02: Additional rules of procedure of the Board

Decisions B.04/02 and B.04/03: Establishment of the independent Secretariat

Decision B.04/05: Business model framework – Country Ownership

Decision B.04/08: Business model framework – Private Sector Facility

Decision B.05/08: Business model framework - Access

Decisions B.05/10 and B.05/11: Establishment of the independent Secretariat

Decisions B.05/12 and B.05/13: Committees and panels

Decision B.05/17: Resource mobilization

Decision B.05/21: Arrangements with the Interim Trustee

Decision B.06/03: Administrative policies of the Fund

Decisions B.06/08 and B.06/09: Terms of reference of the Independent Evaluation Unit, the Independent Integrity Unit, and the independent redress mechanism

*Note: Relevant decisions from the seventh Board meeting will be added to the list upon their adoption.*

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