



GREEN
CLIMATE
FUND

Report on Activities of the Secretariat

GCF/B.09/Inf.03

25 February 2015

Meeting of the Board

24-26 March 2015

Songdo, Republic of Korea

Agenda item 5

Report on Activities of the Secretariat

I. Introduction

1. This report is intended to inform the Board of the main activities undertaken by the Secretariat in the period since the eighth meeting of the Board, held in October 2014, to mid-February 2015. It includes updates on activities addressing requests made by the Board as well as highlights from daily operations of the Secretariat.
2. The contents of the report are organized into three main areas:
 - (a) Update on work by division;
 - (b) Cross-cutting activities; and
 - (c) Activities in support to committees, panels and expert groups.

II. Update on work by division

2.1 Country Programming division

3. The Country Programming division of the Secretariat operates under two main tracks namely:
 - (a) Accreditation; and
 - (b) Readiness and country ownership.
4. The division has prepared three documents for decision by the Board at its ninth meeting:
 - (a) *Legal and Formal Arrangements with Accredited Entities* (GCF/B.09/03);
 - (b) *Consideration of Accreditation Proposals* (GCF/B.09/04); and
 - (c) *Additional Modalities that Further Enhance Direct Access: Terms of Reference for a Pilot Phase* (GCF/B.09/05),as well as preparing one document for decision by the Board in between the eighth and ninth meetings of the Board:
 - (d) *Endorsement of the Sixth Expert of the Accreditation Panel* (B.BM-2015/01);and one document for information in between the eighth and ninth meetings of the Board:
 - (e) *Progress Report on the Readiness and Preparatory Support Programme* (GCF/BM-2015/Inf.04).

The progress made and milestones achieved under each track are described below.

2.1.1 Accreditation

5. Online accreditation system (OAS), through which applications for accreditation are submitted, has been developed and was successfully launched on 17 November 2014. At the same time, a call for submissions of accreditation applications was opened on the Fund's website. The OAS has been structured so as to adapt the application requirements to the particular accreditation track (fast track or normal) that an applicant wishes to follow. Entities

eligible for the fast track will only have to submit the documentation that addresses the gaps identified between the institution under which they are accredited and those accreditation requirements of the Fund. Recommendations for accreditation proposals will be presented for consideration by the Board at its ninth meeting.

6. The Secretariat is working on a range of options in order to facilitate the submission of applications by entities located in non-English-speaking countries. Some such applicants have benefited from readiness support to translate their documentation into English. Furthermore, the sixth member of the Accreditation Panel, who was nominated by the Accreditation Committee and endorsed by the Board, is a native Spanish speaker, which will enable the Panel to review some documents written in Spanish. The Secretariat is working on additional solutions to enable the review of applications submitted in the four other official United Nations languages.

2.1.2 Readiness and country ownership

7. As at 24 February 2015, 100 national designated authorities (NDAs) and focal points have been appointed. A list of the entities, which includes their contact details, is published on the Fund's website. The list is also included in the biannual report on the readiness and preparatory support programme.

8. The best practice guidelines for the establishment and composition of NDA and focal points, best practice options for country coordination and multi-stakeholder engagement, and the no objection procedure have been included in a user's guide prepared for eligible countries. This guide is currently being edited and will be published in advance of the ninth meeting of the Board.

9. The readiness and preparatory support programme semi-annual report (GCF/BM-2015/Inf.04) was distributed between meetings and provides an update on the progress made to date by the programme.

2.2 Mitigation and Adaptation division

10. The Mitigation and Adaptation division has prepared three documents for decision by the Board at its ninth meeting:

- (a) *Analysis of the Expected Role and Impact of the Green Climate Fund* (GCF/B.09/06);
 - (b) *Further Development of the Initial Investment Framework: Sub-Criteria and Methodology* (GCF/B.09/07); and
 - (c) *Terms of Reference of the Technical Advisory Panel* (GCF/B.09/09).
- as well as one information document for the ninth meetings of the Board:
- (d) *Status Report on the Operations Manual and the Appraisal Toolkit* (GCF/B.09/Inf.06).

2.2.1 Progress on the results management framework

11. The Secretariat is currently working on the refinement of the indicators in the performance measurement frameworks (mitigation and adaptation) that need refinement. In parallel, a scoping exercise has started to identify methodologies for those indicators adopted. Also, the Secretariat began, in December 2014, an intensive consultation process with experts from other climate funds, international and regional organizations, and think tanks.

12. The Secretariat is taking into account the guidance provided by the Adaptation Committee report (FCCC/SB/2014/2) to the twentieth session of the Conference of the Parties (COP 20) (decision 4/CP.20), in Lima, Peru, in relation to monitoring and evaluation for adaptation in the Fund's context.

2.2.2 Analysis of the expected role and impact of the Fund's initial results areas

13. An analysis of the expected role and impact of the Fund was carried out and a draft report has been prepared. The analysis involved an extensive literature review and research of key data relevant to the Fund's result areas. The analysis was further improved with inputs and guidance from representatives of the United Nations Framework Convention on Climate Change (UNFCCC) secretariat's thematic bodies, members of the Board, and experts from civil society, private sector, and think tanks. Emerging findings were presented at the Board's informal dialogue in The Hague, the Netherlands, and the final report will be presented to the Board at its ninth meeting.

2.2.3 Further development of the investment framework

14. The investment framework has been refined and further developed since the previous meeting of the Board. Under the guidance of the Investment Committee, activity-specific sub-criteria and indicative assessment factors have been strengthened. Two assessment methodology options are presented for the Board's consideration in its ninth meeting (GCF/B.09/07).

2.2.4 Operations Manual and Appraisal Toolkit

15. The web-based Operations Manual and Appraisal Toolkit are currently being developed as online resources and guidance for users, including the Fund staff, NDAs, accredited entities, project developers and other stakeholders. The Operations Manual will contain relevant guidance for each of the Fund's operational pillars, from accreditation to results management, while the Appraisal Toolkit will help users to understand the Fund's requirements for conducting appraisals and preparing funding proposals. The development and evolution of these web-based resources will be an ongoing process that reflects the lessons learned and experience gained from the Fund's operations.

2.3 Office of the General Counsel

16. The Office of the General Counsel (OGC) supports the Fund in all its areas of operation, which covers both institutional and operational matters. On the institutional side, the OGC is working on:

- (a) Bilateral agreement on privileges and immunities;
- (b) Policy on ethics and conflict of interest of the Board;
- (c) Decision-making procedures;
- (d) Various committees (the Ethics and Audit Committee and the Appointment Committee);
- (e) The establishment of an administrative tribunal; the creation of a disclosure policy; risk management (legal);
- (f) Implementation issues regarding the Headquarters Agreement;
- (g) Trademark and domain name issues; and

- (h) Memorandums of understanding regarding meetings of the Board and various Board governance issues.

the OGC also reviews draft Board decisions in order to ensure their legal compatibility with the Governing Instrument and earlier Board decisions.

17. On the operational side, the OGC has a role in reviewing all agreements and all other arrangements with legal implications into which the Fund enters. These include human resources related matters (staff and consultants for which the OGC has reviewed the standard templates) and agreements with suppliers and service providers. This often involves negotiations with the proposed contracting parties.

18. The OGC is developing template grant agreements to be used in the readiness programme, which include rules on fiduciary standards (anti-corruption and integrity), and legal templates for accredited entities. The OGC has drafted contribution agreements and its standard provisions together with the Interim Trustee, and it is discussing these with contributors. The OGC is also involved in the NDA nomination process, in order to ensure that the nomination complies with basic fiduciary standards, and assists the readiness team in its review of the applications.

19. Overall, the OGC has prepared six documents for decision by the Board in its ninth meeting:

- (a) *Legal and Formal Arrangements with Accredited Entities* (GCF/B.09/03);
- (b) *Methodology for Decisions Taken in between Meetings* (GCF/B.09/14);
- (c) *Decision-making Procedures for the Board in the Absence of Consensus* (GCF/B.09/15);
- (d) *Policy on Ethics and Conflicts of Interest for the Board* (GCF/B.09/16);
- (e) *Template for the Bilateral Agreement on Privileges and Immunities* (GCF/B.09/19); and
- (f) *Initial Term of Board Membership* (GCF/B.09/20),

as well as preparing one document for decision by the Board in between the eighth and ninth meetings of the Board:

- (g) *Appointment Committee – Establishment and Terms of Reference* (B.BM-2015/02).

The above documents were prepared while taking into account Board guidance, input from Board committees, where applicable, and feedback received from various Board members, including the Co-Chairs.

2.4 Office of the Secretary to the Board

20. The Office of the Secretary to the Board (OSB) is responsible for providing substantive procedural and operational support to the Board in order to facilitate their operation and decision making functions. The Secretariat therefore coordinates delivery of Board related outputs by the Fund's divisions and acts as a liaison between the Fund Secretariat and the Board in close coordination with the Board Co-Chairs. The Secretariat to the Board also supports the participation of the Fund in climate negotiations and climate finance fora.

2.4.1 Support to the Board Co-Chairs

21. The OSB has supported the work of the Board Co-Chairs by organizing and facilitating three in-person meetings held in:

- (a) Berlin, Germany, on 20 November 2014;

- (b) Lima, Peru on 10 December 2014; and
- (c) The Hague, The Netherlands on 18 January 2015.

These meetings have addressed substantive and operational matters identified as relevant to the Co-Chairs for advancing the work of the Fund. Additionally, teleconferences are organized on a periodic basis, with seven teleconferences being held between November 2014 and mid-February 2015.

2.4.2 Support in the preparation of documents for the ninth meeting of the Board

22. The OSB has coordinated the development and timely delivery of documents for the ninth meeting of the Board, in collaboration with divisions across the Secretariat. In accordance with the Rules of Procedure, the OSB prepared and circulated the provisional agenda (GCF/B.09/01) for the ninth meeting of the Board in collaboration with the Co-Chairs and building on the Co-Chairs proposal on the work plan for 2015.

23. The OSB also prepared two informational documents that are tabled for the ninth meeting of the Board

- (a) *Annotations to the Provisional Agenda* (GCF/B.09/Inf.01); and
- (b) *Report on Activities of the Secretariat* (GCF/B.09/Inf.03).

2.4.3 Communication with the Board

24. Relevant information has been conveyed to the Board with regards to the ninth meeting of the Board, the Informal Board dialogue and other aspects of interest, in consultation with the Co-Chairs.

25. Information documents and draft decisions between meetings have been circulated to the Board in consultation with the Co-Chairs and in accordance with the Rules of Procedure.

26. Specific requests for information from members of the Board have been addressed with inputs received from relevant areas of the Secretariat.

2.4.4 Informal Board dialogue

27. Under the leadership of the Co-Chairs and in collaboration with the Government of the Netherlands, the Secretariat prepared for and serviced the informal Board dialogue held on 19 and 20 January 2015 at the Peace Palace in The Hague. The meeting played an important role in identifying the main areas of work for the Fund in 2015. A Co-Chairs' summary, including the presentations made at the dialogue, was circulated to members of the Board on 23 February 2015.

2.4.5 Ninth meeting of the Board

28. For the first time, a meeting of the Board will be held in G-Tower, which houses the Fund's headquarters in Songdo, Republic of Korea. In preparation for hosting the ninth meeting of the Board at the Fund's headquarters, the OSB and the Support Services division are carrying out substantial substantive and logistical preparations in order to support a successful meeting. The provisional agenda for the meeting was circulated to the Board and made available on the Fund's website on 13 February 2015 in accordance with the Rules of Procedure. A logistics

note¹ with practical information for participants was made available on 29 January 2015 and the registration of participants was opened on 16 February 2015.

2.4.6 Participation of observers

29. Under the guidance of the Co-Chairs, the Secretariat prepared for and subsequently opened the sixth round of applications for accreditation as an observer organization to the Fund on 16 January 2015. As part of this process, an open invitation and an application form for observer accreditation were circulated to the Board and posted on the Fund's website. In addition, an e-mail was sent to the Fund's active observers for further distribution, at their discretion. A summary of the application material and recommendations were circulated to the Board for non-objection approval.

30. The Secretariat also invited eight observers from civil society organizations (CSOs) and eight from public service organizations to participate in three conference calls; the first was held on 21 November 2014 while two others took place on 10 February 2015. The virtual meetings sought observer inputs on:

- (a) Additional modalities that further enhance direct access, including through funding entities – terms of reference for the operationalization of a pilot phase;
- (b) Monitoring and accountability framework for accredited entities;
- (c) Recommendations for accreditation or fast-tracking of institutions that engage with the private sector; and
- (d) Additional guidelines of the Fund with regard to non-multilateral international entities and on the impact analysis.

2.5 Private Sector Facility

31. The Private Sector Facility (PSF) has conducted extensive outreach to the private sector entities that may wish to apply for accreditation. The PSF team met with a number of private sector commercial and development banks, project sponsors, and other financial intermediaries. The outreach focused on financial intermediaries that follow the Equator Principles and that have identified a preliminary project pipeline that is under development.

32. Furthermore, the PSF revised two Board documents:

- (a) *Private Sector Facility: Potential Approaches to Mobilizing Funding at Scale* (GCF/B.08/13); and
- (b) *Private Sector Facility: Working with Local Private Entities, Including Small and Medium-Sized Enterprises* (GCF/B.08/14),

in order to reflect the comments and guidance received from members of the Board at the eighth meeting of the Board. In addition, the PSF worked on *Analysis of the Expected Role and Impact of the Green Climate Fund* (GCF/B.09/06) with the Mitigation and Adaptation division; and on *Financial Terms and Conditions of the Fund's Instruments* (GCF/B.09/08) with the Fund's Chief Financial Officer to be presented to the Board for decision at its ninth meeting.

2.6 Support Services division

¹ See <http://www.gcfund.org/fileadmin/00_customer/documents/MOB201503-9th/Logistics_Note_0129.pdf>.

2.6.1 Progress on the administrative framework

33. Work relating to the administrative guidelines on the budget and accounting system, and on an internal control framework and internal audit has progressed and the two sets of guidelines are scheduled to be tabled for decision at the ninth meeting of the Board.

34. The Secretariat is in the process of identifying a provider of a defined contribution retirement scheme for the Fund's staff. It is, however, proving difficult to find interested providers given the small amount of Fund staff.

35. The Secretariat purchased an off the shelf accounting software program, "Fact ERP.NG IAF Version 3 – 3 Users", in order to enable it to account for its expenditures whilst awaiting the implementation of an enterprise resource planning (ERP) system.

36. The Secretariat launched a request for proposals for the provision of external audit services to the Fund in early December 2014. An evaluation report was submitted to the Ethics and Audit Committee on 4 February 2015 for its consideration.

2.6.2 Fund staffing

37. The Board approved the appointment of 55 staff members. Of these, 29 have joined the Secretariat, three have accepted offers of employment and are in the process of joining; and 23 are subject to ongoing recruitment. The gender and diversity balance of staff, including those who have accepted offers of employment is shown in the table below. Of note is that the percentage of staff from developing countries has increased from 25 per cent to 39 per cent while the percentage of female staff has increased from 25 per cent to 35 per cent since the figures were last reported at the eighth meeting of the Board.

Table: Gender and diversity of Green Climate Fund staff

Staff	Gender				Geographical classification			
	Female	%	Male	%	Developed	%	Developing	%
IS	8	35	15	65	14	61	9	39
AS	7	78	2	22	0	0	9	100
Total	15		17		14		18	

Abbreviations: AS = administrative staff, IS = internationally recruited staff.

38. In the area of staffing and outreach efforts, the focus continues to be on broadening our recruitment channels (outreach and exposure) considering gender and geographical balance. Currently, vacant positions are advertised across numerous websites, such as academic institutions, and alumni sites in order to reach out to candidates from as many parts of the world as possible.

39. The Secretariat has been striving to diversify its recruitment strategy; on vacancy announcements, a clear statement that applications are strongly encouraged from women and citizens of developing countries has been used. The Secretariat has put sufficient internship support in place and currently has four interns with ongoing efforts to recruit more throughout the year. Secondments and a junior professional officer programme are also being considered.

40. A comprehensive performance management system is also in the process of being implemented.

41. In collaboration with the OGC, procedures and a process will be prepared to set up a Fund Staff Council in line with the administrative guidelines on human resources of the Fund.

2.6.3 Activities on resource mobilization

42. Interested contributors from 28 governments,² as well as observers, met on 20 November 2014 in Berlin for the High-Level Pledging Conference, with H.E. Ambassador Lennart Båge serving as Chair of the conference and facilitator of the initial resource mobilisation (IRM) process. Resulting from the conference, a total of 21 countries, which included four developing countries, pledged a total of US\$ 9.3 billion equivalent to the Fund.

43. Between the pledging conference held in July 2014 and COP 20 in December 2014, there were additional pledges announced from both developed and developing countries (31 countries in total of which eight are developing countries) which brought the total amount of pledges to approximately US\$ 10.2 billion equivalent. Details of both the High-Level Pledging Conference and pledges made during COP 20 are reported in following two documents:

- (a) *Outcome of the First GCF Pledging Conference and Pledges as of December 31, 2014* (GCF/BM-2015/Inf.01/Rev.01); and
- (b) *Status of Resources and Execution of the Administrative Budget of the Green Climate Fund for 1 January to 31 December 2014* (GCF/BM-2015/Inf.02).

44. The Secretariat has held direct meetings with several of the contributors to discuss the contribution agreements and is in contact with the rest of the contributors in order to convert the pledges into actual contributions with regard to the effectiveness of the Fund.

III. Cross-cutting activities

3.1 United Nations Climate Change Conference in Lima

45. The Executive Director and the Secretariat staff participated in COP 20 held in Lima, Peru from 1 to 12 December 2014. Some of the main activities conducted during COP 20 included:

- (a) Providing support in the presentation of the report of the Fund to the Conference of the Parties (COP), contained in document FCCC/CP/2014/8, and introduced by Mr. Ayman Shasly, acting Co-Chair at the eighth meeting of the Board, on behalf of the Board Co-Chairs;
- (b) Participation of the Executive Director in the ministerial dialogue on climate finance, held on 9 December, convened by Mr. Manuel Pulgar-Vidal, President Designate of COP 20/the COP serving as the meeting of the Parties to the Kyoto Protocol at its tenth session in the framing of decision 3/CP.19, which decided to convene a biennial high-level ministerial dialogue on climate finance starting in 2014 and ending in 2020.
- (c) Presentation of the report of the Fund to the COP during the dedicated contact group and participation in the question and answer (Q&A) sessions of the contact groups on guidance to the Fund and on the joint annual report of the Technology Executive Committee and the Climate Technology Centre and Network. The guidance from the COP was contained in decision 7/CP.20;

² The 28 countries are Belgium, Canada, Colombia, Czech Republic, Denmark, Finland, France, Germany, Ireland, Italy, Japan, Luxembourg, Mexico, Monaco, Mongolia, the Netherlands, New Zealand, Norway, Panama, Poland, Republic of Korea, the Russian Federation, Spain, Sweden, Switzerland, the United Arab Emirates, the United Kingdom of Great Britain and Northern Ireland, and the United States of America. The underlined countries represent the 21 countries which pledged their contributions at the conference.

- (d) The Executive Director briefed the accredited press at COP 20 and granted regular media interviews. Her participation in Reuters' live newsfeed helped to set the tone vis-à-vis private sector and CSO communities who participated in the events;
- (e) Organization and hosting of two Fund side events:
 - (i) Open forum: "Engaging with the Green Climate Fund, preparing projects", 3 December 2014. With more than 200 attendees; and
 - (ii) Fund outlook: "Prospects for the Green Climate Fund in 2015", 11 December 2014. The event was moderated by United Nations Special Envoy for Climate Change Mary Robinson. Ministers from three countries (Ethiopia, Marshall Islands and Senegal) joined this event;
- (f) Bilateral meetings with ministers and technical officials;
- (g) Technical briefings to regional and negotiating groups;
- (h) Technical conversations with officials from the Office of Legal Affairs of the United Nations on the matter of privileges and immunities of the Fund; and
- (i) Participation of the Secretariat in the sixth and eighth parts of the second sessions of the Ad Hoc Working Group on the Durban Platform for Enhanced Action held in Bonn, Germany, from 20 to 25 October 2014, and in Geneva, Switzerland, from 8 to 13 February 2015, respectively.

3.2 Ad-hoc collaboration between the Secretariat and the United Nations Framework Convention on Climate Change secretariat and its subsidiary bodies

46. Following discussions between the Executive Director of the Secretariat and the Executive Secretary of the UNFCCC secretariat, it was agreed that both secretariats will collaborate in exchanging information and developing targeted training on matters of relevance to their work in the context of the Convention, its constituted bodies and the overall political context within which the Fund receives guidance from the COP. A two-stage process is envisioned consisting of remote presentations to be made by relevant secretariat teams/programmes and on-site activities as required.

3.3 Outreach activities

47. The IRM pledging conference was a major opportunity for the Fund to gain attention among potential new stakeholders. In order to inform a wide range of foreign ministries about the preparations for its pledging conference in Berlin, the Fund invited all heads of diplomatic missions in the Republic of Korea to a dedicated briefing about the Fund. The gathering was held at the French Ambassador's residence in Seoul, Republic of Korea, and consisted of a Q&A session between the Fund's Executive Director and the heads of diplomatic missions. A total of 53 countries participated in this gathering, including 26 ambassadors. The latter expressed their appreciation for this briefing and suggested that such informal gatherings be held regularly in Seoul, or at the Fund's headquarters in Songdo. Nurturing its relationships with the diplomatic missions in the Republic of Korea will enable the Fund to reach high-ranking government officials in all countries.

48. The Fund's activities in support of the Berlin pledging conference were embedded into a series of media outreach activities, while the conference was widely advertised by the Fund. Leading newspapers and media outlets carried over 20 interviews with the Fund's Executive

Director, including the *Financial Times*, the *Guardian*, the *BBC*, *Le Monde*, *Liberation*, *Les Echos*, *Die Zeit*, *FAZ*, the *New York Times*, *Aljazeera* and *Asahi Shimbun*. In addition to advance press briefings, the Fund's Executive Director provided detailed background information to Reuters and Agence France-Presse, using their large agency networks to disseminate the Fund's key messages among news outlets.

3.4 Senior management team meetings

49. The senior management team of the Secretariat, led by the Executive Director and comprising the four division directors, the General Counsel and the Secretary to the Board, hold meetings on a weekly basis in order to address strategic matters crucial to the day-to-day operations of the Fund. Regular meetings with all staff members are also carried out to address planning and organizational matters necessary for the Fund's operation.

IV. Support to Board committees, panels and expert groups

50. The Secretariat provided support for the work of the following committees and panels which had to achieve certain deliverables in the run up to the ninth meeting of the Board.

4.1 Accreditation Committee

51. In February 2015, the Accreditation Committee met twice virtually to discuss updates on matters relating to accreditation in order to guide the development of *Legal and Formal Arrangements with Accredited Entities* (GCF/B.09/03) as well as *Additional Modalities that Further Enhance Direct Access* (GCF/B.09/04).

52. The modalities have undergone further refinement and development following additional consultations with relevant stakeholders and further research on the approach to the terms of reference of the pilot phase. The document now provides modalities for the operationalization of a pilot phase to enhance direct access. The pilot phase will include relevant readiness support if requested by sub-national, national and regional entities.

53. After consultation with the Committee and with potential accredited entities, the document on legal and formal arrangements with accredited entities (GCF/B.09/03) provides for various possible legal arrangements foreseen between the Fund and accredited entities.

54. The Accreditation Committee additionally nominated the sixth senior expert to the Accreditation Panel who was endorsed by the Board on 30 January 2015.

4.2 Accreditation Panel

55. Since 24 October 2014, the Accreditation Panel has been meeting virtually on a fortnightly basis in order to discuss matters related to the accreditation of entities. The Secretariat carried out completeness checks on the accreditation applications received, which enabled the Panel to perform an in-depth review of these applications. The first Accreditation Panel meeting was held at the Fund's headquarters from 10 to 13 February 2015. The purpose of the meeting was for the Panel to finalize its assessment of applicants against the Fund's accreditation requirements and to make recommendations for accreditation for consideration by the Board at its ninth meeting. Reviews of accreditation applications for possible consideration by the Board at its tenth meeting are under way.

56. On 30 January 2015, the sixth senior expert to the Accreditation Panel was endorsed by the Board.

4.3 Investment Committee

57. The Investment Committee has met twice virtually since the last Board meeting in order to guide further the development of the investment framework. The committee met in late November and took the opportunity to provide written feedback in December following on from its virtual meeting. It met again in early February and plans to meet once more in late February to discuss the progress and direction of the framework with further written inputs being created in the lead up to the ninth meeting of the Board.

58. The initial investment framework has undergone further refinement and development since the last meeting of the Board, following additional consultations and research on the common practices of other climate funds and international financial institutions. The document now provides accredited entities with a more streamlined and flexible framework that still ensures a high quality of proposals for funding decisions.

4.4 Ethics and Audit Committee

59. The Ethics and Audit Committee met in The Hague on 20 January 2015 to discuss the draft policy on ethics and conflicts of interest. The meeting is to be followed by two virtual meetings so as to prepare the draft policy for consideration by the Board in its ninth meeting.

60. The administrative policies of the Fund state that:

“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”.

61. Accordingly, the Secretariat launched a request for proposals for external audit services on 5 December 2014 with a closing date of 26 January 2015. Proposals were received from four international audit firms as follows:

- (a) Deloitte Anjin LLC;
- (b) Daemyung Grant Thornton;
- (c) BDO DaeJoo LLC; and
- (d) Mazars.

62. The Secretariat prepared a report for the consideration of the Ethics and Audit Committee (EAC) based on its evaluation of both the technical and cost proposals received. The EAC held two meetings in February to consider the report prepared by the Secretariat and decided to recommend Daemyung Grant Thornton to the Board for appointment as external auditor in between the eighth and ninth meetings (B.BM-2015/03).

63. The terms of reference for the position of Internal Audit Specialist of the Fund were prepared by the Secretariat and reviewed and approved by the EAC. The position has now been advertised and is under active recruitment.