



**GREEN  
CLIMATE  
FUND**

**Meeting of the Board**  
2 – 5 November 2015  
Livingstone, Republic of Zambia  
Provisional Agenda Item 6\*

**GCF/B.11/Inf.04/Add.01**

27 October 2015

# Reports from committees and panels of the Board of the Green Climate Fund – Addendum

## **Summary**

This document is issued as an addendum to document GCF/B11/Inf.04 titled “Reports from committees and panels of the Board of the Green Climate Fund” that was published on 10 October 2015. It contains the report on the activities of the Ethics and Audit Committee carried out between the tenth and eleventh meetings of the Board.

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\* The agenda item number will be determined when the final sequence of items in the provisional agenda is confirmed by the Co-Chairs.

## **A. Introduction**

1. This document is issued as an addendum to document GCF/B.11/Inf.04 “Reports from committees and panels of the Board of the Green Climate Fund” that was published on 10 October 2015. It contains the written report of the Ethics and Audit Committee (EAC) carried out between the tenth and eleventh meetings of the Board (B.10 and B.11) (see section B below).

2. At the date of publication of this document, written reports had not been received from the following committees or panels, which may report to the Board at B.11:

- (a) Appointment Committee;
- (b) Private Sector Advisory Group; and
- (c) Risk Management Committee.

## **B. Report on activities of the Ethics and Audit Committee**

### **I. Introduction**

3. The composition of the EAC is: Mr. Marcin Korolec (Chair until 23 August 2015), Mr. Omar El-Arini, Ms. Aize Azqueta Quemada, Mr. Hoe Jeong Kim, Mr. Leonardo Martinez and Mr. Ayman Shasly.

4. This report gives an account of the activities of the EAC in the period of July to the beginning of October 2015. The EAC continues its task, to provide guidance on issues of conflicts of interest, confidentiality, ethics, financial management, procurement and other audit functions as they relate to the Board. In particular, the EAC considered a draft policy on ethics and conflicts of interest for Board appointed officials as requested by the Board in decision B.10/13, the comprehensive information disclosure policy, the 2014 financial statements of the GCF and issues related to the implementation of the policy on ethics and conflicts of interest for the Board and external members on panels and groups.

### **II. Activities during the reporting period**

#### **2.1 Organizational activities**

5. The EAC held teleconferences between B.10 and B.11 on 30 July, 9 September, 14 September and 1 October 2015.

6. Meetings were attended by EAC members, advisers and members of the Secretariat. One of those meetings was deemed informal due to lack of quorum.

#### **2.2 Activities addressing implementation of Board decisions by the Ethics and Audit Committee**

7. In decision B.09/03, the Board had initially requested the Secretariat to draft a policy on ethics and conflicts of interest, inter alia, for other Board appointed officials and active observers, and also requested the EAC to make recommendations on these matters to the Board at B.10. As work on these two policies was not concluded by B.10, the EAC decided to return to this matter before B.11. In decision B.10/13, paragraph (e), the Board requested the EAC, with the support of the Secretariat, to continue its work on recommended policies on ethics and conflicts of interest for other Board appointed officials and active observers.

8. The EAC considered and discussed a draft policy on ethics and conflicts of interest for other Board appointed officials presented by the Secretariat.

9. In decision B.05/13, annex XVIII, paragraph (c) (document GCF/B.05/23, annex XVIII, paragraph (c)), the Board mandated the EAC in its terms of reference to provide guidance on the development and review implementation of, and compliance with, the comprehensive information disclosure policy of the GCF. The Board, in decision B.05/15 on the Interim information disclosure practice, also requested the Secretariat to develop in 2014 a comprehensive draft information disclosure policy based on a negative list approach, as described in document GCF/B.04/10 titled "Information disclosure, including webcasting".

10. Before B.10, the EAC held an initial exchange of views on the draft information disclosure policy prepared by the Secretariat. As this was an important document, the EAC agreed that it was necessary to ensure that a wide group of stakeholders were offered an

opportunity to provide inputs to support the development of the new Information disclosure policy of the GCF. The Secretariat posted the draft policy on its website for public comment for a 30-day period. After close of the public comment period, the EAC considered the comments received from the stakeholder consultation process.

## 2.3 Other activities of relevance

11. The EAC received one request for waiver under paragraph 33 of the Policy on ethics and conflicts of interest for the Board of the Green Climate Fund.

12. It also received one request for a conflict of interest waiver under the Policy on ethics and conflicts of interest for external members of GCF panels and groups.

13. The EAC, as per its mandate, considered the 2014 financial statements of the GCF. The EAC reviewed and discussed the financial statements, which were prepared by the Secretariat and audited by the independent auditor of the GCF. In addition, it noted the information provided by the Secretariat that the firm of Daeyoung Accounting Corporation undertook an internal audit of the GCF during the months of March/April 2015, in compliance with decision B.06/03; and that their audit report showed no major control weaknesses or issues. At its meeting of 1 October 2015, the EAC decided to recommend to the Board the approval of the financial statements of the GCF for the year ended 31 December 2014.

## III. Next steps

14. The EAC will continue its task to provide guidance on issues of conflicts of interest, confidentiality, ethics, financial management, procurement and other audit functions. It will also continue its practice of meeting through teleconferences.

15. In the light of the recent conflict of interest waiver guidance requested from the EAC by a recently appointed panel member, the EAC wishes to draw attention to the importance of a thorough vetting of potential candidates before making appointments to panels, groups, etc. The EAC recommends that such situations should, to the extent possible, be avoided in the future and that the Board and committees should take particular care to ensure that the appointed candidates are not required to go through such a waiver process by the EAC.

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