



**GREEN  
CLIMATE  
FUND**

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Provisional agenda item 7

**GCF/B.12/02**

1 March 2016

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# Reports from committees, panels and groups of the Board of the Green Climate Fund

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## **Summary**

This document contains the reports on activities of the following committees and panels of the Board of the Green Climate Fund for the reporting period November 2015 to mid-February 2016:

- (a) Accreditation Panel;
- (b) Appointment Committee;
- (c) Risk Management Committee;
- (d) Technical Advisory Panel; and
- (e) Investment Committee.

This is the status of the reports from committees and panels as of 25 February 2016.

The Co-Chairs expect draft decisions from the Investment Committee and from the Private Sector Advisory Group. These shall be circulated when ready.

## I. Introduction

1. This report covers the reporting period November 2015 to mid-February 2016, and also indicates activities planned to be carried out by the committees and panels of the Board of the Green Climate Fund (GCF) in advance of the twelfth meeting of the Board (B.12). Annex I to this report contains a table that provides an overview of the current membership of the committees and panels of the Board of the GCF.
2. The Co-Chairs expect draft decisions from the Investment Committee and from the Private Sector Advisory Group. These shall be circulated when ready.

## II. Report on activities of the Accreditation Panel

### 2.1 Activities during the reporting period

#### 2.1.1 Organizational activities

3. The mandate of the Accreditation Panel (AP), as per decision B.07/02, paragraph (g), is to serve as an independent technical panel to advise the Board on matters related to the accreditation of entities to the GCF. Furthermore, the AP is responsible for conducting the accreditation process in accordance with its terms of reference, as adopted by the Board through decision B.07/02, paragraph (h).
4. The members of the AP are located remotely in relation to the GCF headquarters and, as such, utilize a variety of methods in order to undertake the work of the AP. The members are in regular communication with each other in the form of both virtual and in-person meetings. Such communications and meetings are usually held jointly with the Secretariat. In addition, the members of the AP hold their own virtual meetings independently.
5. During the reporting period, the AP held four virtual meetings. Additionally, it held six virtual interviews with applicants during the Stage II (Step 1) accreditation review, in order to gain a better knowledge of each applicant and to clarify/discuss Stage II questions and requests issued to the applicants for clarification. The AP also undertook one field visit as part of its review process for a direct access applicant. Following the eleventh meeting of the Board (B.11) for the first time the AP did not meet in person to conclude its recommendations on the accreditation of applicants under the Stage II (Step 1) review; its recommendations were instead determined virtually.
6. The AP also held a retreat for the first time, in Oxford, United Kingdom of Great Britain and Northern Ireland, from 18 to 21 January 2016.
7. The majority of the day-to-day operational work of the AP, however, is conducted via e-mail and the Online Accreditation System, the portal through which applicants submit their applications for accreditation.

## 2.1.2 Activities addressing the mandate of the Accreditation Panel and requests from Board decisions

8. Following the opening of the call for accreditation applications by the Secretariat on 17 November 2014<sup>1</sup> and the receipt of applications for accreditation, the applications that have satisfied the Stage I institutional assessment and completeness check conducted by the Secretariat are assessed by the AP in relation to Stage II (Step 1), accreditation review, of the accreditation process in accordance with its mandate and terms of reference.

9. Since then, the AP has continued to focus on the assessment of entities that have applied for accreditation to the GCF and that have successfully completed Stage I as conducted by the Secretariat. External technical experts, in the form of independent and recognized professionals and a specialized consultancy firm, contracted by the GCF, have assisted the AP in its in-depth review of individual applications for accreditation.

10. Of the further 11 entities under Stage II (Step 1) during the reporting period, the AP concluded its assessments and has made recommendations for an additional four entities. A total of 13 applicants for accreditation are being presented at B.12 for the consideration of the Board. The findings of the accreditation review of applications and recommendations on accreditation made by the AP for the Board's consideration at B.12 are contained in document GCF/B.12/07.

11. Members of the AP have also provided input on accreditation-related policy issues that will be considered by the Board at B.12, including the recent development of the environmental and social management system (ESMS) of the GCF, based on the ESMS outline contained in decision B.07/02.

## 2.2 Matters where specific guidance from the Board is sought

12. In the consideration of the Accreditation Strategy, the AP would appreciate further guidance from the Board on the following matters:

- (a) In the event that the AP is unable to immediately process all applications for accreditation that have cleared Stage I, the criteria for prioritizing applications;
- (b) In view of the request by the Board to the AP to provide additional information on applications in a limited distribution note, where judged necessary to inform the Board's decision-making, the meaning of conflict of interest for this purpose; and
- (c) The Board's views on an approach that leads the AP to recommend entities with a higher accreditation category and more conditionality, and/or entities with a lower accreditation category and less conditionality, as appropriate in each particular case, and the related issue of graduation.

## 2.3 Next steps

13. The accreditation process is an ongoing one, and in this context the AP is continuing its review of accreditation applications that have completed Stage I, with the aim of providing recommendations on accreditation for consideration by the Board at its subsequent meetings.

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<sup>1</sup> Press release, "Green Climate Fund opens Online Accreditation System for implementing entities and intermediaries", 17 November 2014. Available at <[http://www.gcfund.org/fileadmin/00\\_customer/documents/Press/GCF\\_Press\\_Release\\_2014\\_11\\_17\\_accreditation.pdf](http://www.gcfund.org/fileadmin/00_customer/documents/Press/GCF_Press_Release_2014_11_17_accreditation.pdf)>.

14. Following the first four cycles of the accreditation assessment and review process, the AP, the Secretariat and the external technical experts are continuing to discuss the lessons learned from the accreditation process to date with a view to improving and refining the operation of the accreditation framework in future accreditation cycles. This includes technical reviews of applications and the longer-term human resources requirements of the AP.

15. In particular, the AP organized a retreat, hosted by the Environmental Change Institute of the University of Oxford, United Kingdom, in accordance with the agenda, objectives and expected outcomes agreed with the Secretariat. Discussions focused on ways and means to improve the efficiency and effectiveness of the accreditation process of the GCF, based on lessons learned. The Chair of the AP will make a short presentation on the main findings of the recommendations of the AP in this regard at B.12, and a written report will be issued shortly thereafter.

16. The AP continues to learn by doing, gaining experience and knowledge as it assesses a wide diversity of applicant entities. Across multiple time zones and at a distance, members of the AP continue to learn to work together, and to develop, test and effectively and efficiently implement new working methods and tools.

### **III. Report on activities of the Appointment Committee**

#### **3.1 Activities during the reporting period**

##### **3.1.1 Appointment of an independent search firm and selection process for the Heads of the Accountability Units**

17. During the reporting period, the Appointment Committee (APC) appointed an independent search firm, oversaw the publishing of the candidate booklets and held virtual meetings to longlist candidates for two positions.

18. With regard to the selection of the Heads of the Accountability Units, the Board agreed, in decision B.10/05, paragraph (d), to “appoint a recruitment firm via an in-between meetings decision with an invitation to approve the decision within a period of one week”. The APC, with the support of the Secretariat, reviewed the proposals received and oversaw the procurement process. Based on the technical and financial evaluation of the proposals received, the APC recommended the top three executing search firms for the consideration of the Board and the top-scoring independent search firm, p;dfc p, was appointed by the Board through decision B.BM-2015/10.

19. The Board, in decision B.10/05, paragraph (h), requested the APC to provide recommendations on the salary levels for consideration by the Board at B.11. Therefore, the APC compared the salary levels of similar positions in other specialized global funds, based on information provided by the Secretariat, and made a recommendation to the Board. The Board decided, in decision B.11/01, paragraph (b), that “the appointment level for the Heads of the Accountability Units will range from IS-6 to IS-8 taking into account the candidate’s work experience, current position and educational background”.

20. On 16 December 2015, the APC held a virtual meeting with the appointed search firm for a ‘question and answer’ session on general and specific questions, as well as on details of the next steps to be taken. Following the meeting, the independent search firm sent the candidate booklets to be published on the Devex, LinkedIn and the GCF websites. The booklets were revised and approved by the APC on 20 January 2016.

21. On 3 February 2016, the APC met in Cape Town, South Africa, and held a virtual longlist review meeting with the independent search firm in relation to two positions: (1) the Head of the Independent Evaluation Unit; and (2) the Head of the Independent Redress Mechanism. Longlist documents for the two positions were sent on 29 January 2016 and the APC, in consultation with the independent search firm, reached the following outcomes:

- (a) For the Head of the Independent Evaluation Unit:
  - (i) 500 candidates expressed their interest (86 with strong recommendations); 36 candidates were longlisted, among them were 29 male and 7 female candidates;
  - (ii) The members of the APC reviewed the preferred candidates one by one with independent search firm and longlisted seven candidates for in-depth interviews;
- (b) For the Head of the Independent Redress Mechanism:
  - (i) 402 candidates expressed their interest; 17 candidates were longlisted with strong recommendations, among them were 9 male and 8 female candidates; and
  - (ii) The members of the APC reviewed the preferred candidates one by one with the independent search firm and longlisted five candidates for in-depth interviews.

22. During the conference call held on 3 February 2016, the members of the APC stressed that the role of the Head of the Independent Redress Mechanism includes reviews of appeals for reconsideration of funding decisions taken by the Board of the GCF. The role of this position was underlined due to the fact that most candidates had a human resources background and expertise. The independent search firm took note and indicated that this information would be taken into account in its future proposed lists of candidates.

23. The longlist review for the Head of the independent Integrity Unit (IIU) did not take place during the conference call held on 3 February 2016 as the search firm will communicate the list of proposed candidates to the APC on 22 February 2016.

24. On 23 February 2016, the APC held a shortlist review meeting with the independent search firm and shortlisted all three proposed candidates; the detailed outcomes of this meeting will be communicated shortly.

## 3.2 Next steps

25. The members of the APC agreed to meet after B.12 in Songdo, Republic of Korea, on 11 and 12 March 2016 to interview in person the shortlisted candidates. The Heads of the Accountability Units will be appointed at the thirteenth meeting of the Board.

## IV. Report on activities of the Risk Management Committee

### 4.1 Introduction

26. At its tenth meeting held in Songdo, Republic of Korea, the Board adopted the GCF risk appetite methodology, risk dashboard and the related categories and subcategories of risk.

27. In decision B.10/08, the Board requested the Secretariat, in consultation with the Risk Management Committee (RMC), to prepare a detailed risk register, which shall further define the risk categories and subcategories. In addition, the Board requested the Secretariat, in

consultation with the RMC, to develop and run scenarios based on the adopted risk categories and subcategories, for consideration by the Board in the establishment of priorities, targets, tolerances and limits for the different risk categories and subcategories.

28. The RMC would appreciate the participation of developing country representatives in order to further enrich the RMC debate. Given the urgency and importance of the RMC work for the GCF investment agenda, the appointment of three new members is a matter of urgency.

## 4.2 Activities during the reporting period

29. The main activities of the RMC in the reporting period have been concentrated on the development of the risk register and scenario analysis of the adopted risk categories and subcategories. The RMC previously held a formal session in October 2015, as well as several informal briefings, to guide the Secretariat's work on the risk management framework prior to B.11.

30. Following B.11, an informal briefing for the RMC members was held at Cape Town, South Africa, in February 2016 during the informal Board dialogue. The purpose of the meeting was to discuss and provide guidance to the Secretariat on the implementation of the overall risk management framework, including the development of the risk register, a technical note on scenario simulation, and concessional terms for the public sector.

## 4.3 Next steps

31. The Secretariat plans to update the RMC during the month of February 2016 with a revised risk register and technical note on scenario analysis. An informal briefing via a virtual call and in-person meeting will be arranged prior to B.12 to finalize the recommendations of the RMC to the Board.

32. The RMC will present its recommendations to the Board at B.12 in relation to the agenda item "Initial risk management framework: risk register, risk appetite update, and risk guidelines for credit and investment".

# V. Report on activities of the independent Technical Advisory Panel

## 5.1 Activities during the reporting period

33. In decision B.11/11, the Board requested the Secretariat to consult with the independent Technical Advisory Panel (TAP), national designated authorities, focal points and accredited entities to simplify the funding proposal and concept note templates. The TAP has provided its comments and suggestions to the Secretariat on the funding proposal template, which are being analysed by the Secretariat.

34. The TAP continues to review the funding proposals and conduct its assessment based on the initial investment framework. The TAP received two funding proposals for review during the reporting period.

35. In order to facilitate a more structured and efficient funding proposal review process, the TAP and the Secretariat will develop a time schedule to plan the submission of proposals to the TAP and assessment by the TAP.

36. In decision B.10/13, the Board decided to adopt the policy on conflicts of interest for external members of Green Climate Fund panels and groups. Under this policy, each TAP member shall submit to the IIU or the Ethics and Audit Committee before the IIU becomes operational a list of the members' "functions and roles outside the Fund and any financial or business interests which may reflect unfavourably upon the Fund or which may be in actual or perceived conflict with her/his member's duties". In compliance, all members of the TAP have submitted a signed list of their functions and roles outside the GCF to the Ethics and Audit Committee through the Secretariat.
37. The TAP is also aware that the selection of the remaining members is ongoing and looks forward to the imminent expansion of the TAP.

## VI. Report on activities of the Investment Committee

### 6.1 Activities during the reporting period

38. The Investment Committee (IC) has undergone a change in membership since the last Board meeting and has overseen the selection and nomination of the remaining TAP members. The IC members met once informally on the margin of the informal Board meeting held in Cape Town, South Africa, and are tentatively scheduled to meet prior to the start of B.12. A brief update on the activities of the IC is provided below.
39. The membership of the IC has transitioned, beginning with the adoption of decision B.11/14, paragraph (a). The current members are Mr. Frank Fass-Metz, Ms. Kate Hughes and Mr. Atsuyuki Oike. The nomination of the developing country IC members is ongoing as of the time of publication of this document.
40. With the developing country constituency nomination pending, an informal meeting of the IC members was held in Cape Town, South Africa, on 3 February 2016. Members present included Mr. Frank Fass-Metz, Ms. Kate Hughes, Mr. Atsuyuki Oike and Mr. Cristián Salas.<sup>2</sup> The group briefly discussed the progress made regarding TAP recruitment, the GCF pipeline, and development of the IC 2016 workplan.
41. The IC expects to receive a list of recommended TAP candidates, along with their curricula vitae, from the Secretariat for discussion. After the discussions, the IC will put forward a list of nominated candidates to the Board for the remaining two TAP positions. Additional details on the selection and nomination process are to be presented in a separate Board document when the nominations of the IC are concluded. In addition, one of the four TAP members endorsed by the Board has not started performing the member function due to a potential conflict of interest. The case is currently being considered by the Ethics and Audit Committee, in the absence of the IIU.
42. At the informal meeting of the IC held in Cape Town, South Africa, the IC stated its intention to develop a workplan for 2016. The existing mandates of the IC, adopted through Board decisions, include:
- (a) Nominating the remaining TAP members for Board consideration and endorsement (decision B.10/09, paragraph (c));
  - (b) Overseeing the development of indicative minimum benchmarks for the consideration of the Board (decision B.09/05, paragraph (d)); and

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<sup>2</sup> The membership of Mr. Cristián Salas awaits Board approval.

- (c) Conducting a review of the effectiveness of the TAP, to be provided to the Board for consideration (decision B.10/09, paragraph (d)).
- 43. In addition to the above mandates, the IC may decide to take up other items in its workplan consistent with its terms of reference.

## 6.2 Next steps

- 44. The IC plans to meet prior to B.12 for further discussion of the issues above.
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