



**GREEN
CLIMATE
FUND**

Meeting of the Board
8 – 10 March 2016
Songdo, Incheon, Republic of Korea
Provisional agenda item 24

GCF/B.12/26

3 March 2016

Establishment of a Budget Committee of the Board

Summary

This document presents the draft terms of reference of the Green Climate Fund Budget Committee of the Board.

I. Introduction

1. The Board, at its eleventh meeting, under decision B.11/08, decided to establish a Budget Committee as a standing committee of the Board in accordance with paragraph 30 of the Rules of Procedure of the Board and requested the Secretariat to present terms of reference (TOR) of the Committee for consideration by the Board at its twelfth meeting.
2. In response to this request, the draft TOR of the Budget Committee is set out in annex 2.

II. Linkage with other documents

3. This document should be considered in conjunction with paragraph 30 of the Rules of Procedure.

III. Possible/recommended action by the Board

4. It is recommended that the Board considers the draft TOR of the Budget Committee, and adopts the draft decision attached as annex I.

Annex I: Draft decision of the Board

The Board, having reviewed document GCF/B.12/26 titled “Establishment of a Budget Committee of the Board”:

- (a) Establishes the Budget Committee as a committee of the Board in accordance with paragraph 30 of the Rules of Procedure of the Board;
- (b) Adopts the terms of reference of the Budget Committee as set out in annex II; and
- (c) Appoints the following Board members/alternate Board members as members of the Budget Committee for its first term:
 - (i) Developing country member; and
 - (ii) Developed country member.

Annex II: Terms of reference of the Budget Committee

1. The mandate of the Budget Committee is to review and make recommendations to the Board on the preparation and implementation of the Administrative Budget of the Fund. The Committee will also review the annual work programme of the Secretariat and proposed annual budget of the Fund, in accordance with paragraphs provisions 18 (j) and 23(e) of the Governing Instrument.

I. Role and functions

2. The role of the Budget Committee is to review and make recommendations to the Board on matters related to the administrative budget of the GCF.

3. In fulfilling this role, the Budget Committee will:

- (a) Review and make recommendations on the GCF's proposed annual administrative budget, including the budget implications of the staffing structure and staff remuneration;
- (b) Review and make recommendations on the execution of the annual expenditures of the administrative budget;
- (c) Review and make recommendations on financial reports and related documents submitted by the Interim Trustee of the GCF and the Permanent Trustee of the GCF, when appointed;
- (d) Make recommendations to the Board regarding the implementation of the finance, administrative¹ and human resources operational policies;
- (e) Cooperate with the Ethics and Audit Committee in relation to the annual audits of the GCF; and
- (f) Consider any other matters related to the administrative budget of the GCF as referred to the Committee by the Board.

II. Membership

4. The Budget Committee will comprise:

- (a) Three developing country Board members or alternate Board members; and
- (b) Three developed country Board members or alternate Board members.

5. The Chief Finance Officer will serve on the Committee as an ex officio member.

6. The Committee will be assisted by the Secretariat.

7. Members of the Committee will serve for a term of three years.

III. Duration

8. The Budget Committee will be a standing committee of the Board.

¹ This would include the Board policies on: procurement, HR and others.

9. Three years following its establishment, the Board will evaluate the TOR of the Budget Committee.

IV. Guidelines of operations

10. Provisions will be put in place to manage actual and potential conflicts of interests.
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