



**GREEN
CLIMATE
FUND**

Meeting of the Board
28 – 30 June 2016
Songdo, Incheon, Republic of Korea
Provisional Agenda Item 7

GCF/B.13/Inf.03/Add.01

7 June 2016

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

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 March 2016 to May 2016:

- (a) Risk Management Committee.

This is the status of the reports from committees and panels as of end of May 2016.

I. Introduction

1. This report covers the reporting period March to May 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 thirteen meeting of the Board (B.13).

II. Report on Activities of the Risk Management Committee

2. In decision B.12/34, the Board adopted the risk register as contained in Annex XXVIII and requested the Risk Management Committee to review probability, impact and resulting priorities prior to the thirteenth meeting of the Board. In addition, the Board requested the Secretariat, in consultation with the Risk Management Committee (RMC), to present the interim risk and investment guidelines at the thirteenth meeting of the Board with revised financial instrument parameters.

3. In decision B.12/36, the Board requested the Secretariat to commission an independent third party to implement the review of the Interim Trustee, in consultation with and oversight of the Risk Management Committee. The Board further requested the Secretariat to develop a terms of reference for the review drawing from the Governing Instrument and the contract between the Secretariat and the Interim Trustee, in consultation with the Secretariat and the Interim Trustee and endorsed by the Risk Management Committee.

4. In decision B.12/31, the Board requested the Executive Director to regard the template Accreditation Master Agreement as the basis for negotiations with accredited entities. The Executive Director will determine, in consultation with the risk and legal teams, and the Risk Management Committee, whether or not a change is considered substantive on a case-by-case basis, and would require Board approval.

5. In decision B.10/08, the Board requested the Secretariat, in consultation with the Risk Management Committee, 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, as outlined in Annex XXIV and to specify the risks to be addressed by the Fund and other actors such as accredited entities.

2.1 Activities during the reporting period

6. Following the twelfth meeting of the Board, three formal sessions of the RMC were held via virtual call in May and June 2016. The purpose of the meetings was, to discuss and provide guidance to the Secretariat on the key mandates given by the Board, including:

- (a) Review of probabilities, impacts, and resulting areas in risk register;
- (b) Development of interim risk and investment guidelines;
- (c) Discussing the risk appetite for each sub-categories of risk to be used for risk statement development; and
- (d) RFP process for the review of Interim Trustee.

7. The main activities of the RMC during this reporting period include development of interim risk and investment guidelines which will help the Board in approving funding proposals effectively as well as in-depth review on risk register, improving the risk assessment approach for the Secretariat to manage inherent and residual risks applicable to various categories. The RMC concluded that revised draft risk probabilities, impacts and priorities contained in the “Technical Note for the Risk Management Committee: Updated Risk Register”

are reasonable. Also, the RMC reviewed the risk appetite matrix template for each sub-categories of risk and provided guidance to develop and run scenarios. Furthermore, the RMC provided guidance to the request for proposal (RFP) process to procure independent third party for the review of interim Trustee.

2.2 Next Steps

8. The Secretariat plans to update and consult the RMC during the month of June on the RFP process for the review of Interim Trustee. A formal session via virtual call and in-person meeting will be arranged prior to the thirteenth meeting to finalize the RMC's recommendations to the Board.
 9. The RMC will present its recommendations to the Board in relation to the agenda item '*Interim risk and investment guidelines*'.
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