



**GREEN  
CLIMATE  
FUND**

**Meeting of the Board**  
12 – 14 October 2016  
Songdo, Incheon, Republic of Korea  
Provisional Agenda Item 7

**GCF/B.14/Inf.04**

**30 September 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 that have already conducted or are planned to be undertaken by the following committees and panels of the Board of the Green Climate Fund during the reporting period from June 2016 to September 2016:

- (a) Budget Committee;
- (b) Investment Committee;
- (c) Private Sector Advisory Group;
- (d) Risk Management Committee; and
- (e) Independent Technical Advisory Panel.

## I. Introduction

1. This report covers the reporting period June to September 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 fourteenth meeting of the Board (B.14).

## II. Report on Activities of the Budget Committee

2. The Board, at its eleventh meeting, under decision B.11/08, decided to establish a Budget Committee (BC) as a standing committee of the Board. At its twelfth meeting, the Board, by its decision B.12/37, adopted the terms of reference of the Budget Committee and appointed six Board members for its first term.

3. The BC will review and make recommendations on the annual administrative budget, financial reports and on the implementation of the finance, administrative and human resources operational policies.

4. The Committee is also expected to assist the Ethics and Audit Committee in relation to the annual audited financial statements of the GCF.

### 2.1 Activities during the reporting period

5. Since the thirteenth meeting of the Board, the BC conducted one in-person and three virtual meetings on 1 July, 30 August 6 September and 21 September. The Committee discussed a range of topics including:

- (a) Revision of the 2016 BC workplan;
- (b) Status of Staffing of the Secretariat, and update on recruitment of additional staff;
- (c) Review of options for the Secretariat staffing for communications and outreach;
- (d) Measures to accelerate the capacity building of the Green Climate Fund Secretariat;
- (e) Review of the report on the execution of the administrative budget at 31 August 2016.
- (f) Timing of presentation of the 2017 Administrative budget of the Green Climate Fund.

6. The members of the BC who served during the period are as follows:

- (a) Caroline Leclerc (chair)
- (b) Ludovica Soderini
- (c) Jose Delgado
- (d) Dian Black-Layne
- (e) Teimuraz Murgulia
- (f) Omar El-Arini

7. On 12 September, Mr. Omar El-Arini resigned from membership of the BC.

#### 2.1.1 Staffing

8. Regarding the status of staffing and the recruitment update, the Committee noted that with the objective of building a workforce of approximately 100 full time staff by 31 December 2016, 16 vacancies have been filled since B.13. These are in addition to the 44 originally filled positions. Ten consultants have been converted to staff, and Mitigation and Adaptation (M&A) and Private Sector Facility (PSF) director positions are currently advertised on the website. The

recruitment process for an additional 28 positions is also well underway and in addition another 14 job descriptions are expected to be finalized and start recruitment by the end of October. It is expected that a minimum of 85 full-time posts will be filled by the end of the year, and the ambition to reach a headcount of 100 remains.

#### 2.1.2 Options for staffing for communications and outreach

9. By its decision B.13/25 (d) and (e), the Board decided 'that the Secretariat's capacity for strategic communications and outreach shall be further developed and requested the Secretariat as a matter of urgency and in consultation with the Budget Committee, in considering the structure of the Secretariat, to present for consideration by the Board at its fourteenth meeting a proposal on Secretariat staffing for communications and outreach'. The Budget Committee made limited progress on this item.

#### 2.1.3 Strengthening capacity of the Secretariat

10. The Budget Committee considered a range of additional measures to strengthen Secretariat capacity (B13/20 (f)) and agreed that in the short-term the Secretariat would focus on:

- (a) Increasing the size of the workforce: this will be achieved by means of the recruitment actions described above. It will concentrate on hiring more staff directly from the open market and on hiring regular staff rather than consultants. It will also be done through partnerships and secondments that will bring additional manpower, while also raising the profile of the GCF in other organisations and sectors.
- (b) Improving the retention of staff: this is vital to avoid loss of capacity and will be done by a number of efforts including initiatives to support family life and help families to integrate. This includes, for example: increasing flexible working where working culture and practicalities permit; continuing Incheon City and Family Working Group initiatives to help new staff and families to settle in South Korea; and, developing a program to allow spouses and family members get involved in GCF's work, for example volunteering to help at Board meetings.
- (c) Building partnerships: this will leverage opportunities to share resources, including staff and knowledge. Currently, effective partnerships such as those with UNFCCC and UNE, MF would provide the Secretariat with experienced and skilled staff on secondments. These arrangements add to the capacity of the Fund in terms of skills, knowledge and diversity of experience, while also raising awareness of the work of the Fund, and providing valuable development opportunities for the secondees.

11. The Committee also reviewed the Request for Proposal (RFP) for the provision of consultancy services to accelerate the capacity building of the Green Climate Fund Secretariat. The BC supported an RFP that would focus on identifying key capacity gaps; suggesting options for the structure of the Secretariat based on current staffing levels; and, recommending options for filling key gaps with respect to the staffing complement, differentiating between functions deemed to require internal capacity (core functions) or functions that can be delivered through external partnership (e.g. outsourcing specialized expertise). This would serve as an input to inform longer-term capacity improvement decisions.

#### 2.1.4 Administrative Budgets

12. The BC reviewed the report on the execution of the administrative budget at 31 August 2016 and requested clarification related to relatively low expenditure rates in certain areas and forecasted spending levels at year end. Satisfactory explanations were received from the Secretariat.

13. The Budget Committee were updated on the budget process at the Secretariat in relation to the preparation of the 2017 GCF administrative budget. In light of remaining work to be done with regard to staffing for communications and some uncertainties related to certain administrative expenditures, the BC recommended that Board approval for the 2017 administrative budget be deferred to B.15. Consequently, the first draft of the 2017 will be considered in detail by the Budget Committee during a side meeting at B.14.

## 2.2 Next Steps

14. The Committee agreed to meet during B.14 to continue the discussion on the staffing of the Secretariat and to review in detail the draft 2017 administrative budget.

## III. Report on Activities of the Investment Committee

15. Since the thirteenth meeting of the Board, the Investment Committee has undertaken further work on the development of indicative minimum benchmarks. In August the Committee received a progress note on the research and analysis undertaken by ICF International under the guidance of the Secretariat. In early September the Committee held a virtual meeting to discuss the note and its findings. The Committee agreed that further work was needed and requested the Secretariat to present the next set of issues for guidance as well as options for ways forward on this work item.

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

16. Discussions among the Committee have previously identified a number of policy gaps on which Board guidance may be sought. These policy gaps include the following:

- (a) **Guidance on what constitutes a paradigm shift for GCF projects and programmes:** Committee discussions on minimum benchmarks and GCF's pipeline have each touched on the potential usefulness of guidance on paradigm shifting features or elements of projects and programmes.
- (b) **Guidance on co-financing:** Similarly, Committee discussions have touched upon co-financing as a potential benchmark and also as a potential general guidance matter for future pipeline development.
- (c) **Guidance on concessionality:** The Committee's workplan for 2016 indicated that guidance on concessionality may be included in the review of the financial terms of conditions. It is meanwhile noted that the Committee has been requested to provide input on the draft terms of reference for the review of financial terms and conditions in accordance with decision B.12/15, paragraph (b).

### 3.2 Next Steps

17. The Committee has received a draft version of the document *Status of the Fund's portfolio: pipeline and approved projects* document in advance of its publication. The Committee held a virtual meeting in the third week of September to discuss the pipeline and related issues such as current pipeline development challenges and barriers.

18. In addition, the Committee has also tentatively planned to hold extensive in-person discussions before the start of the B.14 meeting to advance the work on indicative minimum benchmarks, the Committee's workplan, GCF's pipeline and others. Committee members have also expressed interest in playing a role in the initial proposal approval process review.

## IV. Report on Activities of the Private Sector Advisory Group

19. This document contains the reports on activities and the work programme of the Private Sector Advisory Group (PSAG) from the beginning of July to mid-September 2016.
20. As part of the PSAG's mandate, the Board:
  - (a) Requested the PSAG to present further recommendations on possible measures to support the accreditation of entities with solid track records in supporting MSMEs and in mobilizing resources at scale for the Board's consideration (B.10/11);
  - (b) Invited the PSAG to make recommendations on the mobilization of private sector finance to progress the Fund's forestry related result areas for consideration by the Board at its fifteenth meeting in 2016 (B.12/07);
  - (c) Requested the PSAG to include the actions outlined in the Strategic Plan in their respective deliberations and work programmes as appropriate throughout the Initial Resource Mobilization period, and to present these work programmes for consideration at the thirteenth meeting of the Board (B.12/20);
  - (d) Requested the Secretariat to undertake an analysis of barriers to crowding-in and maximizing the engagement of the private sector to present to the Board no later than its fifteenth meeting, and requested the PSAG to present recommendations for consideration by the Board no later than its sixteenth meeting (B.13/05); and
  - (e) Further requested the PSAG to present recommendation on the development of a private sector outreach plan no later than its seventeenth meeting (B.13/05).

### 4.1 Activities during the reporting period

21. Since B.13 progress has been made on the following issues:
  - (a) **Accreditation (pursuant to decision B.07/02 and B.10/11):**
    - (i) In decision B.13/19, the Board took note of the work of the Accreditation Committee on the strategy on accreditation, which highlighted the need for engagement with the private sector;
    - (ii) In line with the same decision, the Accreditation Committee is revising the strategy on accreditation to take into account feedback received at the thirteenth meeting of the Board. The PSAG will interact with Accreditation Committee and discuss how to move forward on the private sector-specific items in the strategy;
  - (b) **Forestry (pursuant to decision B.12/07):** The PSAG is waiting for guidance from the Board on this matter;
  - (c) **Strategic Plan (pursuant to decision B.12/20):** The PSAG will integrate the Strategic Plan into its work programme after receiving the revised 2016 work plan from the Co-Chairs of the Board;
  - (d) **Barriers to private sector engagement and development of outreach plan (pursuant to decision B.13/05):** The PSAG will develop recommendations on these matters for B.16 and B.17, respectively, and will have a discussion prior to B.15.
  - (e) **Future formal PSAG meetings:** The PSAG plans to hold a formal meeting prior to B.15, and the dates are to be determined.

## V. Report on Activities of the Risk Management Committee

22. At its closure of the thirteenth meeting in Songdo, Mr. Jacob Waslanders informed the Board that the chairmanship of the Risk Management Committee (RMC) has been conferred to Mr. Carlos Raúl Delgado Aranda effective from July 2016.

23. As of July 2016, Mr. Roelof Buffinga and Mr. Mitsutoshi Kajikawa were appointed as alternate Board members and joined the RMC in replacement of Mr. Jacob Waslanders and Mr. Masaaki Iizuka, respectively.

24. 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.

25. In decision B.12/31, the Board requested the Risk Management Committee, with the support of the Secretariat, to further develop the Fund's Policies on prohibited practices for consideration by the Board at its fourteenth meeting, and also requested the Risk Management Committee, with the support of the Secretariat, to develop processes and tools to implement the Fund's interim policy, taking into account staffing and resources.

26. In decision B.12/32, the Board requested the Risk Management Committee, with support from the Secretariat, to prepare and present to the Board for its consideration, not later than the fifteenth meeting of the Board, an updated set of risk policies and guidelines that include internal risk ratings methodologies, which should consider a differentiation of risks between adaptation and mitigation.

27. 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.

### 5.1 Activities during the reporting period

28. After the thirteenth meeting of the Board (B.13), two formal sessions of the RMC were held via virtual call between August and September 2016. The purpose of the meetings was to discuss and provide guidance to the Secretariat on the mandates given by the Board, including: (i) Review of the Interim Trustee; (ii) Policies on prohibited practices: a) Revised Fiduciary Standard for Anti-Money Laundering and Countering the Financing of Terrorism; b) Revised Policy on Prohibited Practices (renamed as Anticorruption Policy); and c) Know Your Customer Policy to combat Money Laundering and Terrorist Financing; (iii) Request for Proposal (RFP) for risk policies and guidelines; and, (iv) Accreditation Master Agreement (AMA) consultation.

29. The main activities of the RMC during this reporting period include the oversight of review of the Interim Trustee, development of the policies on prohibited practices, and consultation on RFP process for risk policies and guidelines. The RMC held a discussion with the independent third party, Dalberg, which implemented the review of the Interim Trustee. In addition, some of the RMC members participated in the bilateral interview for reviewing the Interim Trustee. With regards to the development of policies on prohibited practices, the RMC, with the support of the Secretariat, developed the policies and standards by providing guidance and key elements to be considered in the policy. However, this agenda was removed from its fourteenth meeting. The RMC recommended that this agenda item be discussed at its fifteenth

meeting. In consultation with the RMC, the RFP for risk policies and guidelines was finalized and expect to be published in September 2016.

## 5.2 Next Steps

30. A formal RMC session is to be held prior to the fourteenth meeting to finalize the RMC's recommendations to the Board.
31. The RMC will present its recommendations to the Board in relation to the agenda item, '*Interim Trustee Review*'. The recommendations may also cover other mandates such as AMA consultation which have been discussed during this reporting period.

## VI. Report on Activities of the independent Technical Advisory Panel

### 6.1 Activities during the reporting period

32. The independent Technical Advisory Panel (TAP) continues to review funding proposals and conduct its assessment based on the initial investment framework. Since the previous reporting period, the TAP has received 12 funding proposals in total for assessment. The TAP met in Songdo on September 5 - 9, 2016 to discuss and finalize the assessments of the 9 funding proposals. Additional 3 funding proposals were assessed subsequently in the following week due to shortage of time.
33. Based on discussions on funding proposals during the B.13, some Board members have mentioned the need to increase interaction with accredited entities in the review process. In response to this, the TAP has conducted virtual meetings with accredited entities submitting proposals for consideration in the B.14 to discuss comments, clarifications, and other issues related to funding proposals.
34. In addition, the TAP has also met in person and virtually with accredited entities with projects approved in the B.13 to clarify conditions and recommendations. This was done at the margins of the B.13.
35. The TAP is also contributing to Strategic Plan, particularly "Strengthening the Fund's Proactive and Strategic Approach to Programming" by providing expert inputs and views on what can be viewed as paradigm shifting projects across different sectors.

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

36. The TAP to propose a work program for each round of assessments to the Secretariat immediately after the next Board meeting schedule is confirmed. The work program is to ensure that the TAP has sufficient time to review funding proposals, assist AEs to properly clarify issues identified by TAP review, and prepare the assessments in close coordination with the Secretariat. The work program including timelines is expected to assist the AEs, Secretariat and TAP to plan respective works in advance and in an organised manner.
37. The TAP to propose a more flexible contractual arrangement with the Secretariat under which the TAP is able to work more flexibly in order to devote sufficient time to its assessment work when needed. The present contractual arrangement does not envision the need for TAP to extend its work hours per day in order to meet the work requirement unless it is scheduled well in advance, which has been proven to be less practical.



38. The TAP to explore together with the Secretariat a strategy to supplement TAP resources with external assistance to enhance the capacity of TAP to cope with a larger volume of works in the future if needed.

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