



**GREEN
CLIMATE
FUND**

Meeting of the Board
4 – 6 April 2017
Songdo, Korea
Provisional agenda item 18

GCF/B.16/12

4 April 2017

Competitive process for the selection of the Trustee

Summary

This document proposes the establishment of an ad hoc Committee of the Board to take forward the work on a selection process for a permanent Trustee.

I. Introduction

1. In its decision 1/CP.16, paragraphs 104 – 107, the Conference of the Parties (COP) to the United Nations Framework Convention on Climate Change (UNFCCC) decided that the Green Climate Fund (GCF) will have a trustee with relevant competence to manage the financial assets of GCF and invited the World Bank to serve as the interim trustee (IT) of GCF.

2. In its decision B.08/22, the Board agreed that the process to appoint the trustee should be concluded no later than the end of 2017 so that the trustee can commence its services for the GCF no later than April 2018. In the same decision, the Board requested the Secretariat to consider terms of reference for the review of the IT, examine the option for the GCF to provide its own trustee services, develop a list of institutions/ organizations which could potentially serve as trustee, and develop a methodology for an open, transparent and competitive bidding process to select the trustee.

3. In document GCF/B.12/18, the Secretariat presented (i) options for the GCF to provide its own trustee service, (ii) institutions/organizations with relevant financial trustee experience, and (iii) the methodology for the selection of the trustee. On the basis of this document, in decision B.12/38, the Board requested the Secretariat to commission an independent third party to implement the review of the IT, in consultation with and oversight of the Risk Management Committee.

4. Dalberg, the independent third party selected through an open and competitive procurement process, conducted an evaluation of the IT in accordance with agreed terms of reference, the result of which was presented to the Board at its fourteenth meeting.

5. In its decision B.15/08, the Board requested the following to the Secretariat:

(a) To submit to the Board at B.16:

(i) Detailed terms of reference for the selection of the Permanent Trustee for the GCF in accordance with UNFCCC decision 1/CP.16 (paras. 104 – 107), as well as subsequent UNFCCC decisions on this matter, the Governing Instrument for the GCF (paras. 6, 18(o), 24, 25 and, 27) and relevant Board decisions; and

(ii) A detailed plan for the competitive procedure for the selection of the Permanent Trustee.

(b) To take into account the following in developing the TORs of the procedure:

(i) The need for the assets of the GCF to be covered by the appropriate privileges and immunities; and

(ii) The legal and institutional requirements of the contributors.

II. Ad Hoc Trustee Selection Committee

6. The Board may wish to appoint an ad hoc Committee of the Board to assist in the design and execution of the selection process for a permanent Trustee. Annex II contains the draft terms of reference for this proposed ad hoc Trustee Selection Committee.

III. Possible actions by the Board

7. The Board may wish to adopt the draft decision presented in Annex I to this document relating to the establishment of the ad hoc Trustee Selection Committee including its role in the selection of a permanent Trustee as outlined in its terms of reference in Annex II.

Annex I: Draft decision of the Board

The Board, having considered document GCF/B.16/12 titled “Competitive procedure for the selection of the trustee”:

- (a) Establishes the ad hoc Trustee Selection Committee as an ad hoc committee of the Board in accordance with paragraphs 2(g) and 30 of the Rules of Procedure of the Board;
- (b) Adopts the terms of reference of the ad hoc Trustee Selection Committee as set out in Annex II;
- (c) Appoints the following four members of the Board to the ad hoc Trustee Selection Committee:
 - (i) Mr./Ms. [...];
 - (ii) Mr./Ms. [...];
 - (iii) Mr./Ms. [...]; and
 - (iv) Mr./Ms. [...];
- (d) Requests the ad hoc Trustee Selection Committee, with the support of the Secretariat, to convene immediately to begin their work.

Annex II: Terms of Reference of the Ad Hoc Trustee Selection Committee

I. Role and functions

1. The role of the ad hoc Selection Committee is to prepare the selection process of the Fund's permanent Trustee and recommend a Trustee for the Board's consideration, in accordance with board decisions and to these terms of reference. The ad hoc committee will also monitor and review the progress of the selection process; report the progress to the Board, and report and recommend the final nominee to the Board for its decision no later than its eighteenth meeting.

II. Membership

2. The Trustee Selection Committee will comprise:
- (a) Two developing country Board members; and
 - (b) Two developed country Board members.
3. Members of the Trustee Selection Committee will serve for its duration as per paragraph 5.

III. Terms of reference

4. The ad hoc committee shall:
- (a) Appoint a chairperson/facilitator;
 - (b) Finalise the terms of reference for the permanent Trustee for approval by the Board at its sixteenth session;
 - (c) Prepare the selection process and criteria for approval by the Board at its sixteenth session;
 - (d) Recommend a timeframe for the selection process for approval by the Board at its sixteenth session;
 - (e) Approve the announcement of the open, transparent and competitive process;
 - (f) Oversee the work of the Secretariat regarding this progress;
 - (g) Report, via the chairperson/facilitator, on the progress of the Committee to the Co-Chairs and the Board; and
 - (h) Report and recommend the final nominee to the Board for its decision no later than its eighteenth meeting.

IV. Duration

5. The Trustee Selection Committee will be an ad-hoc committee of the Board and shall function until the earlier of:
- (a) The conclusion of the selection process of the Trustee; or
 - (b) The Board having decided to terminate the Committee.
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