



**GREEN
CLIMATE
FUND**

Meeting of the Board
4 – 6 April 2017
Songdo, Incheon, Republic of Korea
Provisional agenda item 7

GCF/B.16/Inf.04/Add.02

3 April 2017

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

Summary

This document contains the report on activities that have already been undertaken or are planned to be undertaken by the Ethics and Audit Committee of the Board of the Green Climate Fund.

I. Introduction

1. The Ethics and Audit Committee (“EAC”), consisting of Ayman Shasly (Chair), Larry McDonald, Omar El-Arini, Ludovica Soderini, Nauman Bhatti and Esther Gonzalez-Sanz, has held four meetings since B.15.
2. The EAC continues its task, to provide guidance on issues of conflicts of interest, confidentiality, ethics, financial management, procurement and other functions as directed by the Board. In particular, the EAC considered a draft policy on ethics and conflicts of interest for active observers as requested by the Board, the updating of the revised Terms of Reference for the Independent Redress Mechanism (IRM) and issues related to the implementation of the policy on ethics and conflicts of interest for the Board.

II. Activities during the reporting period

2.1 Organizational activities

3. Following the fifteenth meeting of the Board, the EAC held four virtual teleconferences on 19 January, 7 February, 7 March and 16 March 2017 to discuss and provide guidance to the Secretariat on the key mandates given by the Board.
4. The meetings were attended by EAC members, advisers, Heads of the Independent Redress Mechanism and Independent Integrity Unit and the Secretariat.

2.2 Activities addressing mandates from the Board

5. The EAC considered the first quarterly report of the Independent Redress Mechanism which was presented by the Head of the IRM, following decision B.15/12, paragraph (b), which invited the Head of the Independent Redress Mechanism Unit to consult with the EAC in the implementation of the work plan of the IRM.
6. The EAC reviewed the consultative document on the revised Terms of Reference (TOR) for the IRM, as mandated by the Board through decision B.15/12, paragraphs (b) and (c) which authorized the Head of the IRM to undertake consultations with stakeholders on the revised TOR for the IRM in accordance with decision B.13/24 and to consult with the EAC on its consultation process, and present a draft revised terms of reference for the Board’s consideration at its sixteenth meeting (B.16). Based on these consultations, a draft Board paper, together with a draft updated TOR was presented to the EAC by the Head of the IRM on which feedback was received from the Ethics and Audit Committee. The Board paper and the updated TOR reflect the feedback of the EAC and is being presented to the Board for its consideration at B.16 in document GCF/B.16/20.
7. The EAC as per its mandate considered a request for waiver by an alternate member of the Board to apply for a position in the Secretariat under paragraph 33 of the Policy on Ethics and Conflicts of Interest of the Board. There was no consensus in the EAC to recommend a waiver to the Board for its consideration. The EAC has decided to discuss at a future meeting the circumstances that might lead to granting a waiver.
8. In line with decisions B.09/03 and B.13/27, paragraph (b), the EAC considered a draft policy on ethics and conflicts of interest for active observers presented by the Secretariat.
9. In its virtual meeting of February 7, the EAC was introduced to the new Internal Auditor (Head of Office). He informed the Committee that he is working on an audit manual and the

structure needed to run the audits in the Fund. The EAC requested the Internal Auditor to present the work plan for the internal audit office to the Committee after it is endorsed by the Executive Director.

III. Next Steps

10. In the period after B.16, the EAC plans to continue discussions on the draft policy on ethics and conflicts of interest for active observers with a view to present an agreed text for the Board's consideration at its next meeting.
 11. The EAC will also provide feedback to the Head of the Independent Integrity Unit who has sought the EAC's comments on the draft documents developed by him including policies relating to prohibited practices, anti-money laundering and countering the financing of terrorism, pursuant to decision B.14/01, paragraph (e).
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