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Meeting of the Board
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Provisional agenda item 16

GCF/B.16/Inf.12

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Update on matters related to Risk

Summary

This document aims to provide an update on matters related to risk. The Secretariat will be engaging closely with the appointed external consultancy firm to develop the risk and investment guidelines, and risk management framework and policies. The updated set of documents will be submitted to the Board upon completion of the consultancy work.

I. Introduction

1. The Board, through decision B.12/34, paragraph (g), requested the Risk Management Committee, with support from the Secretariat, to prepare and present to the Board for its consideration, no later than the fifteenth meeting of the Board, an updated set of risk policies and guidelines that include internal risk ratings methodologies.
2. As per decision B.13/36, the interim risk and investment guidelines will expire the earlier of (1) the sixteenth meeting of the Board (B.16); or (2) the adoption of an updated set of risk policies and guidelines as determined by decision B.12/34. Through decision B.BM-2017/02, the Board decided that the interim risk and investment guidelines adopted pursuant to decision B.13/36, paragraph (a), will expire the earlier of (i) the eighteenth meeting of the Board, or (ii) the adoption of an updated set of risk and investment guidelines.
3. To fulfil the request of the Board, the Secretariat began the request for proposal process to hire an external consultancy firm in September 2016. Upon receipt of a sufficient number of proposals in November 2016, the Secretariat selected Oliver Wyman to undertake the assignment. Oliver Wyman was selected due to its leading international reputation as a specialist for financial services, linking strategy with finance and risk. As of the twentieth day of March 2017, the Secretariat has signed the Consulting Service Contract with Oliver Wyman.

II. Next steps

4. The Secretariat will work closely with the Risk Management Committee and the appointed external consultancy firm to develop the risk and investment guidelines as well as the risk management framework and policies.
5. The Secretariat expects to submit the risk and investment guidelines and risk management framework, including the risk register, rating methodology and risk appetite statement, to the Board for its consideration at its seventeenth meeting; and to submit the risk management policies pertaining to credit risk, market risk and asset liability management to the Board for its consideration at its eighteenth meeting.
6. The timeline below provides an indication of the submission of the elements of the risk and investment guidelines and risk management framework and policies as planned.

